C. P. U. No. 300

COMMITTEE ON PUBLIC UNDERTAKINGS (1975-76)

(FIFTH LOK SABHA)

SEVENTY-EIGHTH REPORT

(Action taken by Government on the recommendations contained in the sixty-second report of the committee on Public Undertakings (Fifth Lok Sabha)

RURAL ELECTRIFICATION CORPORATION LIMITED

(MINISTRY OF ENERGY—DEPARTMENT OF POWER)

LOK SABHA SECRETARIAT
NEW DELHI

February 1976/Phalguna, 1897

Price : Rs. 1·65

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C O R R I G E N D A

Seventy-Eighth Report of the Committee on Public Undertakings (1975-76) on the Action Taken by Government on the recommendations contained in the Sixty-second Report on Rural Electrification Corporation Ltd.

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1975-76)

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7. Shri Atal Bihari Vajpayee

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Seventy-eighth Report on the Action Taken by Government on the recommendations contained in the Sixty-Second Report of the Committee on Public Undertakings (Fifth Lok Sabha) on Rural Electrification Corporation Ltd.

2. The Sixty-second Report of the Committee on Public Undertakings (Fifth Lok Sabha) was presented to Lok Sabha on the 23rd April, 1975. Replies to all the 41 recommendations contained in the Report were furnished by the Ministry by the 29th October, 1975. Further information was called for in respect of recommendations at Serial Nos. 7, 8, 9, 19, 22, 23, 26 and 38. Requisite information was furnished by the Ministry by the 17th February, 1976.

3. The replies of Government to the recommendations contained in the Report were considered by the Committee on Public Undertakings on the 18th February, 1976. The Committee authorised the Chairman to finalise the Report on the basis of the decision of the Committee and present it to Parliament.

4. The Report has been divided into the following Chapters:—

I. Report.

II. Recommendations that have been accepted by Government.

III. Recommendations which the Committee do not desire to pursue in view of Government's replies.

IV. Recommendations in respect of which final replies of Government are still awaited.

5. An analysis of the Action Taken by Government on the recommendations contained in the Sixty-second Report of the Committee is given in Chapter I. It would be observed that out of the total number of recommendations made in the Report, 68 per cent have been accepted by Government. The Committee do not desire to pursue 22 per cent of the recommendations in view of Government's

replies. Final replies of Government in respect of 10 per cent of the recommendations are still awaited.

NEW DELHI;
February 23, 1976.
Phalguna 4, 1897 (*Saka*).

NAWAL KISHORE SHARMA,
Chairman,
Committee on Public Undertakings.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations contained in the Sixty-second Report (Fifth Lok Sabha) on Rural Electrification Corporation Ltd. which was presented to the Lok Sabha on the 23rd April, 1975.

1.2. Action Taken Notes have been received from Government in respect of all the 41 recommendations contained in the Report.

1.3. The Action Taken Notes on the recommendations of the Committee have been categorised as follows:—

(i) Recommendations|observations that have been accepted by Government:

Serial Nos. 3, 12, 13, 14, 15, 17, 18, 19, 20; 21; 22; 23; 24; 25; 26, 27, 28, 29, 31, 32, 33, 34; 36; 37; 38; 39; 40 and 41.

(ii) Recommendations|observations which the Committee do not desire to pursue in view of the Government's replies: Serial Nos. 4, 5, 6, 7, 10, 11, 16, 30 and 35.

(iii) Recommendations|observations in respect of which final replies of Government are still awaited.
Serial Nos. 1, 2, 8 and 9.

1.4. The Committee will now deal with the action taken by Government on some of their recommendations.

REGIONAL IMBALANCES LAND AVAILABILITY OF FINANCES

Recommendations Serial Nos. 1, 2, 8 and 9 (Paragraphs 2.17 to 2.20 and 2.35 to 3.37)

1.5. The Committee on Public Undertakings (1974-75) recommended that a comprehensive time bound programme laying down definite annual targets should be worked out by the Corporation to ensure that the backward areas progress faster. They also stressed that Government|Corporation should ensure that there was no slippage in the targets laid down for the Fifth Five Year Plan (Paragraph 2.19). They urged that financial, physical and technical resources

should be made available on priority basis for execution of the electrification programme in backward areas/States. (Paragraph 2.20).

1.6. The Committee also recommended that Government should on the basis of experience gained in the Fourth Plan, consider the feasibility of enhancing the allocation of funds in the 5th Plan to REC on the Physical targets to be achieved by them, so that inadequacy of funds could not be a plea for not taking up electrification programmes for backward and underdeveloped areas (Paragraph 3.36). They recommended that the Corporation should prepare a realistic plan of their requirements in the Fifth Plan under different programmes so as to enable the Ministry to consider their demands for an enhanced allocation. The Committee also recommended that Government should take an early decision in regard to the pattern of providing funds to the Corporation during the Fifth Plan. (Paragraph 3.37).

1.7. In reply to these recommendations the Ministry have *inter alia* stated that "the outlays for rural electrification for different States are determined every year by the Planning Commission after discussion in the Annual Plan meetings with the representatives of the State Governments and also of the Rural Electrification Corporation Ltd." It has been added that "the pattern of providing funds to the Corporation during the Fifth Plan is still under consideration in consultation with the Ministry of Finance and Planning Commission." It has also been stated that "beyond the target envisaged for the 5th Plan no time bound programme has so far been laid down. As for this Corporation its programmes are essentially tied to the availability of resources, the position in regard to which is uncertain beyond what is determined in the Annual Plan."

.. **1.8. The Committee regret to note that no decision has so far been taken by Government with regard to the pattern of providing funds to the Rural Electrification Corporation during the Fifth Plan. In the absence of clear indication about the likely availability of finances during the Fifth Five Year Plan the Corporation has not been able to lay down any time bound programme in regard to rural electrification. The Committee would therefore like to reiterate that Government should take an early decision in the matter of allocation of funds for rural electrification during the 5th Plan period and the Corporation should lay down a comprehensive time-bound programme and definite annual targets and ensure that there is no slippage in the targets laid down for the Fifth Five Year Plan and that the backward areas progress faster.**

COORDINATED DEVELOPMENT APPROACH

Recommendation Serial No. 13 (Paragraph 3.50)

1.9. The Committee had been informed that Co-ordination Committees had been established in many States at State & District level to review the progress of implementation of rural electrification programmes. They stressed that rural electrification projects sanctioned by the Corporation formed an integral part of the overall area development programme. The REC projects had therefore to be dovetailed with the sectoral area development programmes implemented by the various departments of Government and other institutions, agencies in order to derive maximum benefit out of the REC schemes.

1.10. In reply to this recommendation the Ministry have stated as follows:—

> "All efforts are being made by the Corporation to follow up with the State Governments and the State Electricity Boards, the need for establishing arrangements for Co-ordination among the various concerned area development programmes and rural electrification. The Corporation has already commissioned a Study in Maharashtra through the National Institute of Bank Management, Bombay, for identifying the problems of coordination among various financial institutions and make appropriate suggestions for coordination. Studies have also been commissioned through Small Industries Extension Institute, Hyderabad, and Institute of Regional Development Planning, Wardha, to study and give appropriate findings on, among other aspects, coordination of promotion efforts for rural industries with other development purposes *viz.* Rural Industries Project Programmes (RIPP), Small Farmers Development Agencies (SFDA), Drought Power Area Programme (DPAP) etc. in R.E.C. Schemes. These studies are expected to be completed over a period of 10 to 15 months."

1.11. The Committee would like that the studies should be expeditiously completed and Parliament should be informed about the results of the studies and the steps taken to secure effective coordination as a result of such studies.

WORKING OF STATE ELECTRICITY BOARDS

Recommendation Serial No. 17 (Paragraphs 4.8 to 4.10)

1.12. The Committee on Public Undertakings (1974-75) were informed by the Ministry that the reorganisation of State Electricity Boards was of primary and prior importance and they had therefore issued some guidelines and given some suggestions like restructuring of SEBs, separation of generation from distribution, functionalisation etc. A working group had also been constituted by the Ministry to review and make suggestions to improve the working of State Electricity Boards. The Committee felt that the present functioning of SEB's left much to be desired. They recommended that in order to streamline and strengthen the management of State Electricity Boards and in order to have greater degree of functionalisation and professionalisation in their set up the Ministry should follow up the matter with the State Governments and ensure that the guidelines and suggestions given by them are actually implemented in letter and spirit by the SEBs.

1.13. In their reply dated the 29th October, 1975 the Ministry have *inter alia* stated as follows:—

> "A Working Group has been constituted by this Ministry to study in depth the financial working of the State Electricity Boards, to review the distribution system and adequacy of measures being taken for reduction of losses, to lay down Board-wise norms for inventory holdings, to suggest measures for improvement and to frame time bound programme of action for each Board for reduction of outstandings. The Working Group has held a number of meetings and compiled necessary data. These data are being analysed by the Working Group and its report is expected to become available early next year."

1.14. The Committee would like that the report of Study Group should be finalised early and the Parliament apprised of the action taken by Government on the recommendations/observations of the Study Group.

SHORTAGE OF MATERIAL

Recommendation Serial No. 19 (Paragraph 4.18)

1.15. The Committee suggested that Government should consider setting up a high powered coordination group to periodically review the progress of implementation of the different projects of the REC

to assess their difficulties|requirements so that all possible assistance might be rendered for removing the constraints including shortage of materials and ensuring that the programmes of rural electrification, on which depends the progress of agricultural development, do not suffer a set back.

1.16. In their reply dated the 29th October, 1975 the Ministry have stated as follows:—

> "The Corporation has set up a Committee under the Chairmanship of its Managing Director to undertake a detailed review of the projects sanctioned by it, where there have been shortfalls in achieving the physical targets within the time scheme laid down in the projects."

It has been added that a nominee of the Ministry is included in this Committee.

1.17. After study of the Committee's report, Government will consider further the question of setting up a Coordination Committee to secure the objectives mentioned in the recommendation."

1.18. The Committee were expected to give their report by December, 1975.

1.19. In their letter dated 17th February, 1976 the Ministry have now stated that the report of the Committee is expected to be finalised by the end of the March, 1976.

1.20. The Committee would like that the report of the Committee set by the Corporation under the Chairmanship of its Managing Director should be finalised by the end of March, 1976 and the action taken by the Corporation in the light of the observations|recommendations made by the Committee may when finalised be reported to the Parliament.

SHORTAGE OF POWER

Recommendation Serial No. 21 (Paragraphs 4.33 and 4.34)

1.21. The Committee were informed that the Corporation had agreed in principle to finance small units for generation of electricity in the remote areas where extension of transmission from the main grid was likely to be costlier than the local generation. The Committee expressed the hope that the State Governments|State Electri-

city Boards would profit by the financial and technical assistance rendered by the Corporation in order to overcome the constraints regarding power shortage particularly in remote rural areas.

1.22. In their reply dated the 29th October, 1975 the Ministry have stated as follows:—

> "The Rural Electrification Corporation Ltd. has received proposals for financing of small power generation projects, both in respect of micro-hydel projects and also diesel generation projects, from the various S.E.Bs. The proposal of the Corporation to finance these small units costing upto Rs. 1.0 crore, for generation of electricity in remote areas is still under consideration in the planning Commission."

1.23. The Committee were also informed that the Ministry had suggested that on occasions when there was shortage, the Central Electricity Authority should have power to advise or direct the flow or transfer of power from surplus to deficit areas. It had also been suggested that Government should have the power to arbitrate when the disputes between States regarding tariff etc. could not be settled by bilateral negotiations. The Committee recommended that Government should examine these aspects in detail and finalise the measures without any delay so as to deal effectively with the situation created by power shortage at the national level.

1.24. In reply to this recommendation the Ministry have *inter alia* stated as follows:—

> "With a view to promoting the inter-state exchange of power, it was proposed to empower the Central Electricity Authority to give directions to the States for Inter-State sale of power and to arbitrate in the matters relating to Inter-State sale of power. This proposal was discussed in the 8th and 9th Conferences of the State Ministers of Power held in 1974 and 1975. However, a consensus could not be reached on this proposal as some States expressed reservations."

1.25. The Committee hope that the Central Government would use its good offices and persuade the States having reservations in this regard to agree to the Central Electricity Authority being empowered to give directions to the States for inter-State sale of power and to arbitrate in the matters relating to Inter-State sale of power.

1.26. The Committee also hope that the proposal of the Corporation to finance small power generation units in remote areas which is stated to be under the consideration of the Planning Commission will be finalised early.

1.27. The Committee recommend that Parliament may be kept informed of the developments in regard to the inter-state sale of power and also of the decision taken by Planning Commission on the Corporation's proposal to finance small power generation units and the action taken by the Corporation in pursuance of the decision.

LINE LOSSES

Recommendations Serial Nos. 22 and 23 (Paragraphs 4.43 to 4.46)

1.28. The Committee were informed that with a view to minimising the line losses the Corporation should review the adequacy of the measures so far taken to reduce line losses by installation of suitable devices etc. and to assess as to how far such measures have helped in eliminating pilferages and thefts.

1.29. The Committee also recommended that Ministry|Corporation should examine the question of line losses in the country in depth in order to identify the causes and suggest to State Government| State Electricity Boards suitable measures. The Ministry|Corporation should keep a continuous watch to see that their suggestions were implemented so as to ensure that energy generated in the country which was so pressingly required for agricultural, Industrial and developmental purposes was not lost unduly in transmission.

1.30. In their reply dated the 29th October, 1975 the Ministry have stated that the State Electricity Boards have been requested, from time to time, to take various steps for reducing the line losses. The suggestions given to the Boards for this purpose include installation of capacitors, identifying the feeders where losses are high, setting up of vigilance squads to check meters etc. for detecting theft of energy and preparation of time-bound programmes for reducing the losses.

The Central Electricity Authority have been pursuing this matter with the SEBs and assisting them in the implementation of the proposals.

1.31. It has been further stated that the question of reduction of transmission and distribution losses was considered in the Conference of State Ministers of Power held in New Delhi on the 3rd May, 1975 and it was agreed that immediate steps should be taken by the State Electricity Boards to bring down the losses. Accordingly, the State Electricity Boards were requested by the Central Electricity Authority to make provision in their Annual Plan for 1975-76 for system improvement schemes with a view to reducing losses and instal meters to identify feeders having higher losses and to implement the measures to reduce losses on these feeders. As at present, 10 State Electricity Boards have since indicated their requirements of funds in a phased manner during the Fifth Five Year Plan.

1.32. In addition to the measures taken by the Boards to prevent the present pilferage of energy, a draft Indian Electricity (Amendment) Bill is being prepared. In this Bill, amendments for various sections of the I.E. Act, 1910 have been proposed. These amendments include amendments for making the theft of energy a cognisable offence and for providing more stringent punishment for this offence.

1.33. REC has already announced an award for suggestion for the manufacture of a tamper proof meter. Response to the announcement of award is, awaited.

1.34. In response to the enquiry made by the Committee as to how far the various measures taken have helped in reducing the line losses, the Ministry have furnished a statement showing the percentage of losses during the years 1972-73 to 1974-75 (Appendix-I).

1.35. The Committee regret to note that the measures stated to have been taken by the Government/Corporation to reduce line losses have not produced desired results so far. They note that all India average of line losses in 1973-74 (20.46 per cent) was more than that in 1972-73 (19.94 per cent). Except in seven states (J&K, Manipur, Nagaland, Punjab, Rajasthan, Tamil Nadu and West Bengal) the percentage of line losses in 1973-74 has been more than in 1972-73. They further note that the percentage of line losses in Andhra Pradesh, Bihar, Madhya Pradesh, Punjab and Rajasthan have increased in 1974-75 compared to the losses in 1973-74. They are not happy that the Corporation/Government have not been able to collect figures of line losses in 1974-75 in respect of other States and Union Territories. The Committee reiterate that the Ministry/Corporation should keep a continuous watch to see that their suggestions to control line losses are implemented promptly and effectively so as to ensure that the energy generated in the coun-

try which is so pressingly required for agricultural, industrial and development purposes is not lost unduly in transmission. They would like the Government to keep Parliament informed of the position of line losses in all the States from time to time and the additional measures taken by them to reduce such losses.

1.36. The Committee hope that the proposed bill to amend the Indian Electricity Act for making the theft of energy a cognizable offence and providing for more stringent punishment for this offence, will be finalised soon and brought before Parliament without delay.

STAFF STRENGTH

Recommendation Serial Nos. 36 and 38 (Paragraphs 7.11 and 8.13)

1.37. The Committee on Public Undertakings (1974-75) felt greatly perturbed at the marked increase in expenditure on administration from Rs. 27.14 lakhs in 1971-72 to Rs. 72.27 lakhs in 1973-74. They recommended that no further time should be lost in carrying out a critical review of the administrative set-up of the Corporation so as to effect maximum economy consistent with efficiency.

1.38. In their reply dated the 29th October, 1975 the Ministry have stated that the review of the administrative set up of the Corporation had been carried out by the Corporation with the assistance of the Management Development Institute, New Delhi and Institute has since submitted its report on organisational structure and executive man-power requirements of the Corporation.

1.39. The Board of Directors of the Corporation have in their meeting held on November 29, 1975 constituted a Committee to study the report in detail and make recommendations regarding steps to be initiated by the Corporation on the basis of the report. The report of the Institute and the recommendations of he Committee regarding actions to be taken by the Corporation are to be considered by the Board of Directors in their meeting to be held towards the end of December, 1975.

1.40. In their letter dated 17th February, 1976 the Ministry have now stated that the Committee is likely to submit units report in about three months.

1.41. The Committee would like the report to be finalised within stipulated time and Parliament informed about the action taken by the Government/Corporation to reorganise the administrative set up of the Corporation with a view to effecting maximum economy consistent with efficiency in the light of the report of the Management Development Institute.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 3)

The Committee also recommend that the Corporation should ensure that the resources placed at their disposal are properly utilised and the targets set for rural electrification are achieved. Government should ensure that the detailed targets and achievements in this behalf are also specifically brought to the notice of Parliament through Annual Plans and Reports of the Ministry|Undertakings. (Paragraph 2.21).

Reply of Government

The Corporation is endeavouring to ensure that the assistance released is properly utilised by the State Electricity Boards and the targets of the schemes are achieved according to the phased programme. The Corporation is also setting up Regional Offices in backward States which will help them in proper formulation, implementation and monitoring of schemes.

The target of physical performance and actual achievements in respect of the projects financed by the Corporation will be included in its Annual Reports. The overall target and achievement of rural electrification in the country will also be given by the Ministry in their Annual Reports.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 16-10-1975.]

Recommendation (Serial No. 12)

The Committee note that REC is following a project based development approach is their financing pattern and the projects generate adequate surpluses and give a reasonable return on the investment. It had laid down certain norms in terms the net returns to be achieved and the periods within which this is to be done. The Committee are informed that there is a regular monitoring of the projects undertaken by the REC with a view to ensuring that the development programmes envisaged in each of

the projects is matched by actual performance and only on the basis of such monitoring studies second and subsequent instalments of loans are released. The Committee note that the Corporation has a system of concurrent and continuous monitoring of the projects financed by it and the technique of performance audit was used to evaluate the performance of the schemes and to examine whether the physical achievements are commensurate with the financial outlays. The Committee however, note that the Corporation has not been conducting a cost benefit analysis of the REC schemes on a regular basis although some time back a sample study was conducted in respect of only 3 sanctioned schemes out of total of 618 schemes sanctioned upto 1973-74. The Committee are informed that the Ministry propose to do the cost benefit study after the completion of the schemes so that the potential benefits are realised. The Committee recommend that in view of the large investments amounting to Rs. 161.87 crores which the Corporation has made in the various projects up to 1973-74, the Government|Corporation should conduct a cost-benefit analysis of the schemes on a regular and systematic basis in order to ensure that the projects financed by the Corporation have been economically executed without any undue wastage of the finances and the moneys spent are commensurate with the benefits derived. (Paragraph 3.48)

Reply of Government

The Corporation has taken up a series of studies in regard to cost-benefit analysis for schemes sanctioned by it for financial assistance. Arrangements for 3 such studies have already been finalised. The details of the studies are:—

	Institution	Study region	Duration of study
1.	Indian Statistical Institute, Calcutta.	4 REC Projects in West Bengal.	1 year
2.	National Council of Applied Economic Reaserch, New Delhi.	4 REC Projects one each in Andhra Pradesh, Himachal Pradesh, Madhya-Pradesh and Uttar Pradesh.	1 year
3.	R.E.C (PERT & PACE DIVISION)	4 REC Projects one each in Punjab, Haryana, Himachal Pradesh and Jammu & Kashmir.	1 year

A few more of such studies are further proposed to be undertaken. It is expected that as a result of these studies a clear methodology for social cost-benefit analysis will be available, which can be applied to all rural electrification schemes for cost-benefit analysis later.

[Ministry of Energy (Department of Power) O.M. No. 48 (5) /75-P.E., dated 16-10-1975.]

Recommendation (Serial No. 13)

The Committee have been informed that Coordination Committees have been established in many States at State and District level to review the progress of implementation of rural electrification programmes. Mutual consultations between the REC and ARC and AFC as well as between REC and the commercial banks are stated to be held with a view to establishing a proper link up of the rural electrification schemes financed by the Corporation with the manner irrigation and similar other schemes financed by other lending institutions. Efforts are also being made to ensure maximum coordination between the appropriate development agencies of the State and the State Electricity Boards. The Committee need hardly stress that rural electrification projects sanctioned by the Corporation form an integral part of the overall area development programme. The REC projects have, therefore, to be devetailed into the sectoral area development programmes implemented by the various departments of Government and other institutional agencies in order to derive maximum benefit out of the REC schemes. (Paragraph 3.50)

Reply of Government

The Corporation having been seized of the problem of coordination from the very beginning, has initiated various measures for integration of the projects financed by it with other development programmes and for securing effective coordination between the State Electricity Boards and agriculture, minor irrigation and industries departments etc. On the suggestion of the Corporation, in a majoriy of the States, State level and district level coordination committees have already been set up. The coordinated development approach of the REC's schemes to be devetailed into sectoral area development programme has been further discussed in the Rural Electrification Seminars organised during June to December, 1974. All efforts are being made by the Corporation to follow up with the State Governments and the State Electricity Boards. The need for establishing arrangements for coordination among the various concerned area development programmes and rural electrification.

The Corporation has already commissioned a Study in Maharashtra through the National Institute of Bank Management, Bombay, for identifying the problems of coordination among various financial institutions and make appropriate suggestions for coordination. Studies have also been commissioned through small Industries Extension Institute, Hyderabad, and Institute of Regional Development Planning, Wardha, to study and give appropriate findings on, among other aspects, coordination of promotional efforts for rural industries with other development purposes *viz.*, Rural Industries Project Programmes (RIPP), Small Farmers Development Agencies (SFDA), Drought Power Area Programme (DPAP) etc. in R.E.C. schemes. These studies are expected to be completed over a period of 10 to 15 months.

[Ministry of Energy (Department of Power) O.M. No. 48 (5) /75-P.E., dated 16-10-1975.]

Recommendation (Serial No. 14)

The Committee note that the Government of India introduced the scheme of electrification of Harijan Bastis and transferred the scheme to the REC to be handled on an agency basis. The Committee also note that the Corporation has sanctioned loans amounting to Rs. 3.67 crores for 75 schemes in 14 States for electrification of 8617 Harijan Bastis and provision of 49523 street lights in these Bastis. Against this only a sum of Rs. 2.51 crores has been disbursed to end of 1973-74. It was stated that the shortfall in most cases was on account of the inability of the concerned Electricity Boards to procure the necessary undertaking from the panchayats in regard to payment towards recurring tariff dues for the street lights envisaged in the scheme. Moreover lack of response from the Electricity Boards was another reason which delayed the sanction and consequently the disbursement. The Committee are informed that the Ministry have already written to the State Governments to find out ways and means of assisting the Panchayats towards payment of electricity tariff from the Harijan Welfare Fund or Social Welfare Fund. The Committee regret to note that electrification of Harijan Bastis has suffered because of the apathy of Panchayats/S.E.Bs./State Governments in spite of the fact that Government of India have been providing funds for the purpose. The Committee deprecate this tendency of ignoring the needs of areas inhabited by the weaker sections of the society. The Committee are inclined to agree with the suggestion of the Deputy Minister of I & P about allocation of funds from the Harijan Welfare Fund or Social Welfare Fund for the payment of electricity bills or Harijan Bastis.

The Committee recommend that the Ministry should pursue the matter with the State Governments and find out a solution to assist the Panchayats so that their financial difficulties do not come in the way of implementation of Harijan Basti Schemes. (Paragraphs 3.63 & 3.64).

Reply of Government

The Corporation has sanctioned 110 schemes of the various State Electricity Boards for a total loan assistance of Rs. 4.5 crores envisaging extension of electricity to 10,576 already electrified villages. Upto 15th September, 1975, 3,755 Harijan Bastis had received electricity under this special programme.

2. The Union Deputy Minister for Energy, had written to the State Chief Ministers in January, 1974, impressing upon them the need for expeditious implementation of the scheme. It was indicated that the main bottle-neck in its implementation was reported to be the inability of the Panchayats and other Local Bodies concerned to give to the State Electricity Boards, necessary guarantee for the payment of current consumption charges. The States were requested to make a review and work-out appropriate arrangements to sort out the problem of meeting current consumption charges so that the programme of electrification of Harijan Bastis could make head-way. It had *inter-alia* been suggested to them that the funds for the payment of electricity bills could be allocated from the Harijan Welfare funds or Social Welfare funds in the State.

3. Progress in Tamil Nadu and Rajasthan has been fairly satisfactory. Union Deputy Minister for Energy has on 7-8-1975 written to the Chief Ministers of the remaining States again requesting them to vigorously pursue the implementation of the schemes sanctioned by the Rural Electrification Corporation Ltd.

4. Kerala, Orissa and Punjab had earlier agreed to give guarantee to subsidize the amount of expenditure incurred by the State Electricity Boards in current consumption charges, as necessary. In response to the communication of 7-8-1975, the Chief Minister, Karnataka has intimated that the State Government have issued orders that village Panchayats should execute the agreements required by the Electricity Board and in case a village Panchayat does not pay the electricity charges the same may be adjusted out of land revenue grant payable to it and the balance amount, if any, may be

met by the Social Welfare Department. The Chief Minister considers that the progress of electrification of Harijan Bastis in the State will now be speeded up.

5. The Chief Ministers of other States have again been reminded in the matter.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 8-10-1975.]

Recommendation (Serial No. 15)

The Committee are also informed that whenever electrification of a village is a part of the scheme it must have the electrification of the Harijan Bastis also as an integral part and no scheme of village electrification is sanctioned by R.E.C. which does not have as an essential component electrification of Harijan Bastis also. The Committee hope that with the present procedure followed by R.E.C. it should be possible to implement more programmes of electrification of Harijan Bastis and provide street lights in those Bastis. (Paragraph 3.65).

Reply of Government

Before sanctioning a scheme the Rural Electrification Corporation Ltd. has been ensuring that wherever provision is made for street light in a village, provision has also been made for extending street lights in the adjoining Harijan Bastis.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 8-10-1975.]

Recommendation (Serial No. 17)

The Committee regret to note that the pace of Rural Electrification had been impeded mainly due to various deficiencies and inadequacies in the working of State Electricity Boards. Rural Electrification Corporation was set up as a financing institution at the national level for financing Rural Electrification Projects to provide funds in addition to those already provided for in the State Plan Sector so that the acceleration of pace of rural electrification did not suffer on account of lack of resources with the SEBs and the SEBS were not saddled with further losses. Actual execution of projects mainly rests with the SEBs.

The Committee find that the working of the State Electricity Boards was reviewed and examined in detail by a high power Committee in 1964 and by the Sixth Finance Commission. The Commission viewed with concern some of the trends in the functioning of State Electricity Boards and referred to the corrective action needed through revision of tariff and improvement of operational efficiency of Electricity Boards. The Rural Electrification Corporation also have noticed that besides organisational deficiencies within the SEBs, there was lack of coordination internally within the SEBs and between the various agencies involved in the implementation of Rural Electrification Projects and lack of adequate arrangement for load promotion activities with a view to optimising service connections. The Committee are informed that the Corporation is in close touch with the Ministry and various steps have been taken both at the Centre and State level to make the SEBs more efficient. At the instance of the Corporation, State Elecricity Boards have carried out a certain amount of reorganisation within the Boards and a special cell has been created by all the SEBs for dealing with REC projects. REC have suggested a number of steps to bring about adequate coordination between SEBs and the various other development agencies and Government institutions engaged in the task of Rural Electrification. As a result of persuasive efforts made by the Corporation SEBs have also started taking up load promotion work.

The Ministry have also admitted that reorganisation of State Electricity Boards is of primray and prior importance. They have therefore issued some guidelines and given some suggestions like restructuring of SEBs, separation of generation from distribution, functionalisation etc. A Working Group has also been constituted by the Ministry to review and make suggestions to improve the working of State Electricity Boards.

The Committee hope that the Working Group would soon go into all aspects of the working of SEBs and make concrete suggestions for their reorganisation and improving operational efficiency in the context of rural electrification. The Committee feel that the present functioning of SEBs leaves much to be desired. The Committee therefore recommend that in order to stream line and strengthen the management of State Electricity Boards and in order to have greater degree of functionalisation and professionalisation in their set up the Ministry should follow up the matter with the State Governments and ensure that the guidelines and suggestions given by them are a actually implemented in letter and spirit by the SEBs. (Paras 4.8 to 4.10).

Reply of Government

Following a Cabinet decision, it was recommended to the State Governments that the State Electricity Boards should be restructured by introducing professionalisation and functionalisation and by separation of the functions of generation from that of transmission and distribution wherever necessary and feasible. It was considered that the State Electricity Boards should be strengthened to enable them to handle, on a functional basis, all the important aspects of work. For a large power system it was felt that the Board should generally consist of Chairman, Secretary, Member (Generation), Member (Transmission & Distribution), Member (Commercial Engineering) and Member incharge of Personnel and Administration. The Chairman of the Board should be a person capable of managing a large industrial undertaking. These proposals were discussed with the States' Chief Ministers by the Union Minister for Energy and also at the Eighth and Ninth Conferences of Power Ministers of the States. The proposals in this connection were acceptable to most of the States. Consequently, the State Governments were addressed to implement them. Some States have taken steps to introduce professionalisation and functionalisation in their Boards. Regarding separation of cadres also, a few States are implementing this proposal. However, a few Boards have explained their difficulties in implementing this proposal due to various reasons, the most important being the present low level of generation with them.

A Working Group has been constituted by this Ministry to study in depth the financial working of the State Electricity Boards, to review the distribution system and adequacy of measures being taken for reduction of losses, to lay down Board-wise norms for inventory holdings, to suggest measures for improvement and to frame a time-bound programme of action for each Board for reduction of outstandings. The Working Group has held a number of meetings and compiled necessary data. These data are being analysed by the Working Group and its report is expected to become available early next year.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 18)

The Committee note that one of the constraints faced by the State Electricity Boards in implementing the projects sanctioned by the Corporation was the non-availability and shortage of certain materials including cement, steel, aluminium, zinc etc., with the result

that some of the State Electricity Boards were not in a position to achieve the physical targets envisaged in the schemes. The position with regard to aluminium conductors was stated to be so bad that in some cases the SEBs did not have conductors even for 200 connections.

The Committee are informed that the question of augmenting production of materials required for implementation of schemes regarding rural electrification has been taken up by the Corporation with some major manufacturers. It has been stated by the Ministry that specific allocation of certain scarce raw materials is being made for rural electrification in general. The standardisation effected by REC has also helped ease the situation since manufacturers are now in a position to take up production on the basis of these standard specifications. The Committee hope that it should be possible for the State Electricity Boards to implement the schemes without being hampered by shortage of materials in case these measures are vigorously and earnestly pursued. The Committee recommend that at the time of sanction of schemes the Corporation should draw a comprehensive plan regarding the implementation of the projects indicating the annual financial and material requirements with priorities for execution. The Corporation should also keep in constant touch with the SEBs in order to assist them in the task of procurement of scarce materials and equipment so that the implementation of the schemes is not delayed or interrupted on account of non-availability of any of materials. (Paragraphs 4.16 & 4.17).

Reply of Government

The Rural Electrification Corporation, while approving the rural electrification projects, plans out the different phases for implementation of the schemes. The period for each phase, the quantum of work to be completed during the period and the funds to be disbursed for completion of such works are all planned before passing the scheme. The State Electricity Board is required to procure the materials needed for the purpose according to the phased plan.

The Corporation keeps itself in constant touch with the State Electricity Boards and assists them in the task of procurement of scarce materials and equipment as and when such problems are posed by the electricity Boards to them or even to the Ministry. All

efforts are made to ensure that implementation of the schemes is not delayed or interrupted on account of non-availability of any of the materials. The supply of full requirements of steel materials as required by the Boards is being ensured by the Ministry. There was earlier some difficulty regarding aluminium conductors but the position improved substantially in recent months and the difficulty has now been overcome. All efforts have been made to increase the production of EC Grade aluminium. The available quantity is being allotted to the various Boards in proportion to their annual plan outlays for rural electrification.

The Corporation has recently negotiated a Credit for $ 57 million from the World Bank (IDA). This credit is to be utilised only for procurement of key materials for Rural Electrification Corporation projects. The international competitive bidding will help the Electricity Boards to procure these materials as at the most economic prices.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 19)

The Committee suggest that the Government should consider setting up a high powered coordination group to periodically review the progress of implementation of the different projects of the REC to assess their difficulties/requirements so that all possible assistance may be rendered for removing the constraints including shortage of materials and ensuring that the programmes of rural electrification, on which depends the progress of agricultural development, do not suffer a set back. (Paragraph 4.18)

Reply of Government

The Corporation has set up a Committee under the Chairmanship of its Managing Director to undertake a detailed review of the projects sanctioned by it, where there have been shortfalls in achieving the physical targets within the time scheme laid down in the projects. The terms of reference of the Committee are:—

(i) to identify problems relating to non-drawal of first, second and subsequent instalments by the State Electricity Boards in respect of projects financed by Rural Electrification Corporation;

(ii) to identify the organisational problems of the State Electricity Boards which contributed to the slow progress of projects financed by Rural Electrification Corporation leading to shortfalls in achievements of physical targets; and

(iii) to suggest steps for gearing up the organisational machinery in State Electricity Boards to cope with the expanding programme of Rural Electrification with particular reference to Rural Electrification Corporation projects as also to recommend steps which may be taken with a view to ensuring that the State Electricity Boards are able to achieve the physical targets envisaged in the projects according to project schedules.

A nominee of the Ministry is included in this Committee. The Committee is expected to give their report by December, 1975.

After study of the Committee's report, Government will consider further the question of setting up a Coordination Committee to secure the objectives mentioned in the recommendation.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Further Information desired by the Committee

Has the Committee which was appointed by the Corporation under the Chairmanship of its Managing Director submitted the Report? If not, why and when is the report likely to be submitted.

[Lok Sabha Sectt. O.M. No. 21—PV/74, dt. 10-2-1976]

Reply of Government

The Committee set up by the Board of Directors of the Rural Electrification Corporation under the Chairmanship of the Managing Director to undertake a detailed review of the projects sanctioned took up the review of R.E.C. schemes sanctioned in Bihar in the first instance and thereafter of the States of Orissa, West Bengal, Assam, Meghalaya, Uttar Pradesh and Madhya Pradesh. The Committee submitted its report on Bihar in the last week of November, 1975. The Committee has since finalised the reports in respect of the remaining States mentioned above and is expected to

submit its report in respect of each State by the end of February, 1976. The general report of the Committee is expected to be finalised by the end of March, 1976.

Recommendation (Serial No. 20)

The Committee note that one of the main reasons for the big gap between the loans sanctioned by the Corporation and the utilisation of funds by the State Electricity Boards is the power shortage in the country. The Committee are informed that power generation plans both in the Central sector and State sector are affected by the financial crisis and the present power shortage is due to non-commissioning of certain projects in time. The Committee are also informed that less than 50 per cent of the targests for the generation of power could be achieved during the Fourth Five Year Plan. In order to step up power generation, a nucleus monitoring organisation has been set up at the central level and the States are being persuaded to set up such monitoring organisations at the State levels. The State Governments have also been advised that by reallocation of resources between the various sectors they should see that maximum requirements of power sector are met. The Committee need hardly stress that availability of power being the pre-requisite condition for Electrification, Government should take steps to identify the casuses for shortage of power in detail so that they may take suitable remedial action for stepping up generation of power. The Committee agree with the view of the Ministry that the "reasons for which these shortfalls have taken place in the 4th Plan, should not recur in the Fifth Plan."

The Estimates Committee (1972-73) in their Thirty-ninth Report on 'Power' have observed that "power is a basic infrastructure for building up the country's economic growth and development, and that shortfall in power impedes growth in the industrial and agriculture sectors." That Committee have therefore felt that "there is a need of a well coordinated programme for power development correlated with the growth of industry, agriculture and other sectors which consume it. The Committee reiterate the recommendation of the Estimates Committee that "having regard to the serious power shortage in the country, power should be given the highest priority next only to operational needs of defence in the matter of allocation of funds and essential raw materials like steel, cement, coal etc., in the interest of economic development of the nation."

(Paragraphs 4.31 & 4.32).

Reply of Government

A number of steps have been taken to maximise output from the existing generating stations. Duding the last one year the operation of the thermal stations in the country has shown considerable improvement. There has been 12 per cent increase in the utilisation of thermal capacity during April-August, 1975 as compared to the corresponding period in 1974. The performance of thermal stations is being closely monitored. The power outlook for 1975-76 is more promising in view of the anticipated addition of new capacity during the current year and improved operation of both hydro and thermal power stations.

During the last couple of years, the availability of funds has been a major problem for all development activities. The power sector has been no exception although Government have given high priority to it and funds have been made available for power projects to the maximum extent possible. The costs of any delay in completing power projects are so heavy that, in making inter sectoral allocation of funds, the full needs of the power sector have to be met. Accordingly, the importance of allocating adequate funds to the power sector was pointed out at the last Conference of State Ministers of Power. The State Electricity Boards have also been requested to consider how best they could maximise their internal resources so as to be able to meet a larger share of the financial resources required for power development from their internal resources.

With a view to expediting construction of selected power projects and getting additional benefits from them in the current year, wherever possible, additional assistance in the form of Special Advance Plan Assistance to be adjusted within the Central Assistance for the 5th Plan of the States is being provided during the current year.

With the approval of the Cabinet, instructions have been issued that the supply of essential material requirement of power projects should be given the highest priority next only to the operational needs of defence. The position in regard to the availability of steel, cement and EC grade aluminium is now easy.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 21)

The Committee are informed that on the suggestion made by the Corporation, the State Electricity Boards have adopted rostering and load staggering in order to overcome the problem of power shortage insofar as implementation of Rural Electrification Schemes are concerned. In the opinion of the Committee these are only temporary and short-term measures and the real solution lies in increasing the generation of power in the country.

The Committee note that the Corporation have agreed in principle to finance small units for generation of electricity in the remote areas where extension of transmission from the main grid was likely to be costlier than the local generation. The Committee hope that the State Governments/State Electricity Boards would profit by the financial and technical Assistance rendered by the Corporation in order to overcome the constraints regarding power shortage particularly in remote rural areas.

The Committee regret to note that there is lack of coordination between the States due to which many difficulties were being encountered. The Committee are informed that if one State is short of power and an adjoining State has got surplus power, the centre cannot give directives according to the present legislation. The Committee are informed that the Ministry have suggested that on occasions when there is shortage, the Central Electricity Authority should have power to advise or direct the flow or transfer of power from surplus to deficit areas. It has also been suggested that Government should have the power to arbitrate when the disputes between States regarding tariff etc., cannot be settled by bilateral negotiations. The Committee recommend that Government should examine these aspects in detail and finalise the measures without any delay so as to deal effectively with the situation created by power shortage at the national level. The Committee also recommend that Government should consider ways and means of restricting the ostentatious consumption of electricity, particularly in metropolitan cities in order to conserve the much needed power for productive purposes.

(Paragraphs 4.33 & 4.34).

Reply of Government

The Rural Electrification Corporation Ltd. has received proposals for financing of small power generation projects, both in respect of micro-hydal projects and also diesel generation projects, from the

various S.E.Bs. The proposal of the Corporation to finance these small unit costing upto Rs. 1.0 crores, for generation of electricity in remote areas is still under consideration in the Planning Commission.

The need for Inter-State exchange of power is being felt for quite some time. This Ministry is fully seized of the problem and has been instrumental in effecting inter-State exchange of power to some extent During September 1975, in Northern region, Punjab received 14 million units from Himachal Pradesh and U.P. received 12 million units from Badarpur. In the Southern region, Neyveli supplied 3.5 million units per day to Tamil Nadu, Karnataka and Andhra Pradesh also received 1 million units each per day from Tamil Nadu. Orissa continued to supply about 1 million units per day to Andhra Pradesh from Balimela. In Eastern region, Orissa supplied about 1 million units per day to Bihar. DVC continued to supply 2 million units per day to Calcutta Electric Supply Corporation, 1 million units per day to Bihar and 0.36 million units per day to West Bengal.

With a view to promoting the inter-State exchange of power, it was proposed to empower the Central Electricity Authority to give direction to the States for Inter-State sale of power and to arbitrate in the matters relating to Inter-State sale of power. This proposal was discussed in the 8th and 9th Conferences of the State Ministers of Power held in 1974 and 1975. However, a consensus could not be reached on this proposal as some States expressed reservations.

The question of curbing ostentatious consumption of electricity was discussed in the 9th Conference of the State Ministers of Power and Conference of the Chairmen, State Electricity Boards held in May, 1975. It was observed that all States had taken necessary measures in this regard and no further action was required to be taken in the matter.

[Ministry of Energy, Deptt. of Power O.M. No. 48|5|75-PE dated 29-10-1975].

Recommendation (Serial No. 22)

The Committee regret to note that the line losses in India are highest as compared to some of the advanced countries. The line losses in India are of the order of 18.75 per cent, whereas in foreign countries the line losses in 1971 varied from 5.38 per cent in Belgium to 12 per cent in Sweden. The line losses experienced in Low Tension distribution like rural area distribution exceed 30 per cent in the case of 8 major State Electricity Boards. As a result of these

high line losses, the Boards suffered from a combination of increased cost of power supplied to the consumers and reduced availability of power in the States. It has been stated that on account of the rapid expansion of net work in recent years the distribution system developed in a lop sided manner resulting in considerable loss in the system affecting the quality and efficiency of power supply. It has been stated that about 25 lakh irrigation pumpsets installed in the rural areas are taking twice the normal current for delivering the same output. The Ministry have admitted that there was scope for reduction in losses which have also been attributed to pilferages and thefts.

The Committee note that with a view to minimising the line losses the Corporation has devised a special category of loans for the specific purpose of improving the system conditions in the rural areas. The Corporation has sanctioned 32 system improvement schemes involving a loan assistance of more than Rs. 5 crores. The saving of energy in each scheme is expected to be generally 10 per cent or more. The State Electricity Boards have also been asked to instal LT capacitors on the motors to improve power factor and thereby reduce the line losses. The Committee agree with the Ministry that apart from the need to curtail pilferage by installing a device which would make the system fool proof against theft etc., it is necessary to improve the distribution system.

The Committee would also like that Corporation should review the adequacy of the measures so far taken to reduce line losses by installation of suitable devices etc., and assess as to how for such measures have helped in eliminating pilferages and thefts. The Committee would like to be informed of the results.

(Paragraphs 4.43 to 4.45).

Recommendation (Serial No. 23)

The Committee also recommend that Ministry|Corporation should examine the question of line losses in the country in depth in order to identify the causes and suggest to the State Governments|State Electricity Boards suitable remedial measures. The Ministry|Corporation should keep a continuous watch to see that their suggestions are implemented so as to ensure that the energy generated in the country which is so pressingly required for agricultural, industrial and developmental purposes is not lost unduly in transmission.

(Paragraph 4.46).

Reply of Government

(22) & (23). Line losses comprise energy lost in transmission and distribution and also due to theft. The State Electricity Boards have been requested, from time to time, to take various steps for reducing the line losses. The suggestions given to the Boards for this purpose include installation of capacitors, identifying the feeders where losses are high, setting up of vigilance squads to check meters etc. for detecting theft of energy and preparation of time-bound programmes for reducing the losses. The Central Electricity Authority have been pursuing this matter with the SEBs and assisting them in the implementation of the proposals.

Many States have proposed or already initiated the installation of metering equipment on most of the feeders is identify those having high losses. Due to stringent financial conditions being experienced by the Boards, about 12 SEBs have approached the Ministry|CEA for allocating additional funds for successfully implementing the programme of installation of metering equipment, meter-testing equipment and setting up of vigilance squads. Some other States propose to install metering equipment depending upon the availability of funds. Many of the Boards have also installed capacitors on LT lines. The other measures taken by the Boards to prevent pilferage of energy are summarised as under:—

(1) Setting up of loss study cells to chalk out programmes for timely implementation of various items of work to minimise the losses and make optimum use of the available capacity;

(2) Setting up of vigilance squads to conduct surprise checks and to check pilferage of energy;

(3) Provision of cut-outs after the meters to avoid direct tapping from the cut-out;

(4) Provision of numbered seals on the body of the meters etc.;

(5) Use of PVC multi-core cables at service mains instead of single core V.I.R. wires to make direct tapping very obvious;

(6) Provision of terminals inside the body of the meters;

(7) regular check-readings by the engineers of the Boards;

(8) Grant of incentive to the individuals who report pilferage of energy; and

(9) Rotation of field staff after stipulated period to reduce leakage.

In addition to the above, amendments to be made in the I.E. Act, 1910 to make theft of energy a cognisable offence and the provide more stringent punishment for theft of energy are under consideration.

The Rural Electrification Corporation Ltd. has already announced an award for suggestions for the manufacture of a tamper-proof meter.

[Ministry of Energy (Department of Power) O.M. No. 48 (5)/75-PE dated 29-10-1975].

Further information called for by the Committee

(a) It has been stated that due to stringent financial conditions being experienced by the Boards, about 12 have approached the Ministry/CEA for allocating additional funds for successful implementation of the programme of installation of metering equipment, meter-testing equipment and setting up of vigilance squads.

What is the reaction of Ministry|CEA?

(b) It is seen that a number of steps have been taken for reducing the line losses; how for these measures have helped in reducing the line losses; please furnish comparative figures for the last 3 years.

(c) It has been stated that the Central Electricity Authority have been pursuing this matter with the SEBs and assisting them in the implementation of the proposals. It has also been stated that amendments to be made in the I.E. Act, 1910 to make theft of energy a cognizable offence and to provide more stringent punishment for theft of energy was under consideration.

What progress has been made in this regard ?

(d) It has been stated that R.E.C. has announced an award for suggestions for the manufacture of a tamper-proof meter.

What is the effect of this announcement?

[Lok Sabha Secretariat, O.M. No. 21-64/74 dt. 3-12-75]

Reply of Government

(a) The question of reduction of transmission and distribution losses was considered in the Conference of State Ministers of Power held in New Delhi on the 3rd May, 1975 and it was agreed

that immediate steps should be taken by the State Electricity Boards to bring down the losses. Accordingly, the State Electricity Boards were requested by the Central Electricity Authority to make provision in their Annual Plan for 1975-76 for system improvement schemes with a view to reducing losses and instal meters to identify feeders having higher losses and to implement the measures to reduce losses on these feeders. As at present, 10 States Electricity Boards have since indicated their requirements of funds in a phased manner during the Fifth Five Year Plan period.

(b) A statement showing the percentage of losses during the years 1972-73, 1973-74 and 1974-75 is attached. It would be seen from the statement that the energy losses during 1974-75 in the States of U.P. and West Bengal have been reduced considerably when compared to those in 1972-73 and 1973-74. However, in respect of other States the trend of the energy losses during the past 3 years has been somewhat erratic. The figures for the year 1974-75 are at present not available for all the States and those available are only tentative. The correct estimate regarding energy losses during the last 3 years would be made only after the complete data for the year 1974-75 is available.

(c) A draft Indian Electricity (Amendment) Bill is being prepared. In this Bill, amendments to various sections of the I.E. Act, 1910 have been proposed. These amendments include amendments for making the theft of energy a cognizable offence and for providing more stringent punishment for this offence.

(d) Response to the announcement of award for manufacture of tamper-proof meters is awaited by the Corporation.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., datd 19-12-1975].

Recommendation (Serial No. 24)

The Committee note that the Rural Electrification Corporation took over the responsibility for financing the five pilot rural electric cooperatives set by Government in July, 1969 in the States of Andhra Pradesh, Gujarat, Maharashtra, Karnataka and Uttar Pradesh. The Corporation sanctioned loans to the five Cooperatives to the extent of Rs. 12.81 crores. The Committee were informed that with the exception of one, all the Cooperatives have been losing. One of the main reasons as to why the Cooperatives have not been able to operate even at break-even point is that the margin between the rates of power sold to the Cooperatives by the State Electricity

Boards and the power sold to the consumers by these Cooperatives is very small. The margin in the case of Mula Pravera and Kodinar was only 0.02 and 1.67 paise per unit respectively. The Committee are informed that as a result of efforts made by REC in this regard, the State Electricity Boards of Karnataka, Maharashtra and Gujarat have now brought about suitable changes in the tariff which would benefit the Hukeri, Mula Pravera and Kodinar Societies. The Committee hope that the State Electricity Boards in the other two States will also be persuaded to bring about necessary changes in the rates so as to improve the economic viability of the respective Cooperatives.

The Committee recommend that Government/Corporation should work out a minimum margin between the purchase rate of power per unit and the rate of realisation from the consumers keeping in view the economic viability and profitability of the Cooperatives and then take up this question with the State Governments|State Electricity Boards concerned and persuade them to agree to supply power to the Rural Electric Cooperatives in their region at such rates as may give them adequate margin to meet their operational cost and for making provision to enable them to discharge their development programmes.

[Paragraphs 5.21 & 5.22]

Reply of Government

24. The question of bringing about necessary changes in the tariff for power supplied to Rural Electric Cooperatives in Uttar Pradesh and Andhra Pradesh had been taken up with the respective State Governments. The State Governments have increased the tariff for power supply to other Agricultural consumers, but have allowed the tariff for power supply to the Rural Electric Cooperative Societies to remain unchanged. The two Societies will thus be enabled to make adequate profits for improving their economic viability.

In the case of all new Cooperatives, the Corporation ensures that they have the necessary margin between the purchase rate of power per unit and the rate of realization from the consumers, so as to operate in a viable manner. In the four Cooperatives sanctioned subsequent to the five Pilot Cooperatives, the rate for bulk supply of power by State Electricity Board has been fixed by working backward from realization.

[Ministry of Energy (Deptt. of Power) O.M. No. 48(5)/75-PE dated 29-10-1975].

Recommendation (Serial No. 25)

The Committee were also informed that the other major factor which contributed to the loss of these Societies was deficiency of managerial skill in the Cooperatives. It has been felt by the REC that there was a need for streamlining the administrative arrangements existing in the Societies with a view to bring about improvement in the functioning of these Cooperatives. The Committee would like the Government|Corporation to pursue this matter with the State Governments/State Electricity Boards/Cooperatives concerned so that fairly high powered and well qualified officers who have already been trained by the Corporation are put incharge of these Cooperatives, as this will help in creating an impact on the functioning of the Cooperatives. The Committee stress that without effective management and adequate qualified staff it would hardly be possible for the Cooperatives to make headway.

(Paragraph 5..23).

Reply of Government

(25) Trained officers are now in position in the 5 Pilot Rural Electrification Cooperatives.

As regards the new Cooperative Societies now set-up an officer of the rank of Superintending Engineer has been posted as Managing Director of Kotputli Cooperative Society in Rajasthan and a Joint Registrar of Cooperative Societies has been appointed as Managing Director of Anakapalli Cooperative Society in Andhra Pradesh. The Corporation is keeping a watch on the posting of officers in other cooperatives and if necessary, will take-up the matter with the concerned State Governments, for posting of trained officers in these cooperatives also.

A Training Cell has recently been set-up in the REC to coordinate the training activities of the various SEBs and augment the facilities wherever they are lacking.

[Ministry of Energy (Deptt. of Power) O.M. No. 48(5)/75-PE dated 29-10-1975].

Recommendation (Serial No. 26)

The other areas which need adequate attention to improve the functioning of cooperatives are line losses, power system management; formulation and implementation of member's education and Members' services programmes; proper budgetary and inventory control; proper maintenance of accounts etc. The Committee are

informed that the Corporation had already advised the Societies as well as the concerned State Electricity Boards and State Governments to initiate necessary action on these points.

The Committee hope that with the implementation of the various schemes suggested by REC the working of these Cooperatives would substantially improve. The Committee also find that Corporation had taken up the question of augmenting the share capital base of the societies with the concerned State Governments and State Electricity Boards. The Committee would like to be informed about the concrete action taken by the State Governments/ State Electricity Boards and the progress made in this regard.

(Paragraphs 5.24 & 5.25)

Reply of Government

In regard to the five Pilot Cooperatives the State Government and State Electricity Boards have contributed varying amounts to the share capital of Pilot Rural Electric Cooperative Society in their respective State. The Maharashtra, Gujarat and Karnataka Governments have contributed Rs. 5 lakhs, Rs. 4 lakhs and Rs. 1.70 lakhs respectively towards share capital. The State Electricity Boards of Maharashtra and Uttar Pradesh have contributed Rs. 5 lakhs and one lakh respectively to the share capital of Rural Electric Cooperative in their State.

In case of new societies, the concerned State Governments have agreed to contribute Rs. 35 lakhs towards share capital of Cooperative Societies and the State Electricity Boards have agreed to contribute by converting 50 per cent of the value of the assets proposed to be transferred to the Cooperatives as share capital. This has been stipulated to enable a favourable debt: equity ratio to be established.

[Ministry of Energy (Deptt. of Power) O.M. No. 48(5)/75-PE dated 29-10-1975].

Further Information Called for by the Committee

The Committee observed that the other areas which needed adequate attention to improve the functioning of cooperatives are line losses, power system management, formulation and implementation of members' education and Members' Services programmes; proper budgetary and inventory control, proper maintenance of accounts etc.

Have these measures been introduced by the concerned SEB's/ cooperatives? If so, what progress has been made in this regard?

[Lok Sabha Secretariat O.M. No. 21-64/74 dt. 3-12-74].

Reply of Government

Several steps have been initiated to improve the functioning of the rural electric cooperatives. Some of them are as under:—

(1) LT capacitors are being installed in the areas served by the cooperatives to improve power factor and thereby reduce line losses.

(2) Vigilance squads have been set up in the cooperatives to keep a rigorous watch so as to prevent theft, tampering with meters, etc.

(3) The Corporation has also sanctioned system improvement loans to SEBs in respect of areas served by the Sircilla Rural Electric Cooperative in Andhra Pradesh, the Mula-Pravara Rural Electric Cooperative in Maharashtra and Kodinar Rural Electric Cooperative in Gujarat. Three more schemes—two to serve the areas under the two new Societies in Andhra Pradesh and one for the Society in Rajasthan—are now under the consideration of the Corporation. In the Lucknow Rural Electric Cooperative area, the SEB has at the instance of the REC constructed three additional 33|11 KV sub-stations to cater to the future load in the Society area.

Further, the Societies have been asked to review the position of line losses every month at the Board level. REC pursues this. The REC has also conducted training courses for the personnel of the Rural Electric Cooperatives in regard to improving the meter-reading, meter-cheking etc.

As a result of the above measures, the line losses in the area of operation of cooperatives are believed to have come down. The Corporation is now engaged in making a quantitative assessment of this.

(4) Suggestions have been made to the Cooperatives for formulating Members' Education Programmes which is being done by them.

(5) In regard to budgetary and inventory control and proper maintenance of accounts, a detailed Guide-Book on Rural Electric Cooperatives has been brought out by REC.

This has been circulated to the Societies. Apart from REC's monitoring teams following up the implementation of this, the Registrars of Cooperative Societies in the States have also been advised to introduce the system of continuous financial (performance) audits in all the Rural Electric Cooperatives. This has already been done in respect of all the Five Pilot Rural Electric Cooperatives.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E. dated 19-12-1975].

Recommendation (Serial No. 27)

The Committee are informed that according to a study carried out by REC the State Electricity Boards were losing much more on the rural electrification programme than when it came to be channelised through the Cooperatives. In view of this the Committee recommend that the REC should make concerted efforts not only to improve the functioning of the existing Cooperatives but also encourage the growth of such Cooperatives in other States.

(Paragraph 5.26)

Recommendation (Serial No. 28)

The Committee were informed that 25 new Rural Cooperatives are proposed to be set up in the 5th Five Year Plan. The Committee would like that a phased time-bound programme should be drawn up for the implementation of this proposal and the Committee informed of the details. The Committee also recommend that the experience gained in the functioning of the Cooperatives already set up should be effectively utilised in setting up new Cooperatives so that these are free from the difficulties and handicaps which have hampered their working.

(Paragraph 5.27)

Reply of Government

27-28. The rural Electrification Corporation is making efforts not only to improve the functioning of the existing Cooperatives but also encourage the growth of such Cooperatives in other States. Sometime back broad guide-lines were issued by the Corporation to the State Governments in regard to the organisation of new Rural Electric Cooperative Societies. The State Governments of Andhra Pradesh, Bihar, Rajasthan, Orissa, Madhya Pradesh, Tamil Nadu, Karnataka, Kerala, Punjab, Uttar Pradesh and Haryana were contacted in this regard.

As a result of efforts made by the Corporation, two new Societies in Andhra Pradesh and one each in Bihar and Rajasthan have already been set up. A new Rural Electric Cooperative has also been organised in Orissa and its project report is in final stages of formulation. In Madhya Pradesh also the project report for the proposed Cooperative has been formulated and the tariff issue is under negotiation with the State Government and State Electricity Board. The matter regarding organisation of new Rural Electric Cooperative is also under active consideration of the Tamil Nadu and Karnataka Governments. The matter is also being pursued by the Corporation with the remaining States.

At the beginning of the Plan it was envisaged that 20-25 Rural Electric Cooperatives may be established during the Fifth Plan period. This question is however being reconsidered in view of the experience gained in setting up of a few new Societies as above and the availability of resources.

The Corporation had set up a Review Committee (Puri Committee) with the very purpose of effectively utilising the experience gained in the functioning of the Cooperative Societies already set up. The recommendations of this Committee which cover a wide range of relevant aspects like financial structure, management, fixation of tariff, member involvement etc., have been accepted by the Corporation, and all Cooperatives sanctioned now take care of these aspects.

[Ministry of Energy (Deptt. of Power) O.M. No. 48(5)/75-PE dated 29-10-1975].

Recommendation (Serial No. 29)

The Committee note that the Corporation has taken up research on items like optimum design of PCC/RCC poles, reduction in line losses; crimping tools, import substitution, the development of motors of high powered factor at partial loads, design of special types of cross-arms for use on rural lines and use of aluminium alloy conductors in coastal areas etc.

The Committee were informed that no specific provision has so far been earmarked for research and development work and the expenditure on research problems was met from the existing budget and in future it was proposed to be met from the Special Development Reserve created by the Corporation. No separate funds had been provided even in the draft Fifth Five Year Plan for organising research and development programmes as such for rural electrification and the research and development work programmes in rural

electrification in the fields are undertaken by the State Electricity Boards from the funds earmarked for the rural electrification programmes. The Corporation had set up a research committee to identify the technological problems having a direct bearing on rural electrification and those of immediate interest. That Committee would work out further specific programmes that may be undertaken for research.

The Committee hope that the research committee set up by REC would soon identify the areas on which the research could be undertaken so that the Corporation may be in a position to utilise the results for achieving import substitution and effecting technological improvements and economies in Rural Electrification.

(Paragraphs 6.10 & 6.12)

Reply of Government

The Corporation has constituted a Committee on Coordination of Research, Development, Evaluation and Training (COMCORDET) to promote research and development in technical and socio-economic fields. The Committee has approved the following research projects to be undertaken through various professional institutions and organisations:

(i) Cost benefit studies of 8 Rural Electrification Corporation financed Projects in West Bengal, Madhya Pradesh and Uttar Pradesh;

(ii) Evaluative studies of 4 rural electrification projects in Andhra Pradesh;

(iii) Study on impact of programme of electrification of rural industry in Andhra Pradesh and Maharashtra;

(iv) Study on Financial Coordination and related problems in rural electrification schemes in Maharashtra;

(v) Study on Financial Planning in Rural Electrification Corporation and Financial Control and performance monitoring in State Electricity Boards;

(vi) Design and development of RCC|PCC Poles;

(vii) Design and development of PCC/RCC Cross Arms for HT/LT lines;

(viii) Development of Mini L.T. Circuit Breakers;

(ix) Development of import substitute for insulating materials required for the manufacture of L.T. Capacitors;

(x) Development of Sleeves for Crimping Tools.

(xi) Development of 3 phase motors with high power factor at partial loads.

The COMCORDET has also approved the following studies to be undertaken by the Corporation.

(i) Study of Mini-Health Centre (MH) Scheme.

(ii) Study on Mini Growth Centre (MG) scheme.

(iii) Phasing of loan disbursement.

(iv) Cost over-runs in Rural Electrification Corporation financed Projects.

(v) Cost benefit study of Rural Electrification Corporation financed Projects in Haryana, Himachal Pradesh, Orissa and Rajasthan.

Steps have also been initiated regarding research on following items:

(i) Development of cheaper design of 11 KV circuit breakers.

(ii) Development of sturdy and tamper proof meters.

(iii) Development of jointed wood poles with suitable glues.

(iv) Development of suitable substitute for GI Wire as conductor for earthing.

(v) Development of Aluminium Alloy conductors.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 31)

The Committee would also like REC to keep in close touch with the Department of Science and Technology regarding the developments on non-conventional sources of energy for which a sum of

Rs. 4 crores is stated to have been provided for projects during the 5th Plan, so that the results of the experiments could be gainfully utilised by REC in their schemes of rural electrification.

(Paragraph 6.14).

Reply of Government

The Corporation is in close touch with the Department of Science and Technology. A representative of that Department attends the meeting of the Research Committee of the Corporation (Committee for Coordination of Research, Development, Evaluation & Training).

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 32)

The Committee note the efforts made by the REC to standardise the specifications of the material used in rural electrification and also the construction practices with a view to effecting maximum economy and accelerating the pace of rural electrification. The Committee were informed that the standardisation of specifications and construction practices could reduce cost by at least 10 to 15 per cent. The Committee would like that the schemes for standardisation in respect of various items which were stated to be under preparation should be finalised as early as possible and introduced in the actual execution of the rural electrification schemes. The Committee would also like the REC to continue their efforts and progressively identify more and more items in which there was scope for standardisation and economy in construction practices with the ultimate objective of covering the entire field of activity systematically and achieving economy in construction consistent with efficiency.

(Paragraph 6.18).

Reply of Government

The standardisation of specifications and construction practices is a continuous process. The position is periodically reviewed by the Rural Electrification Corporation. So far they have finalised 9 standards of specifications in respect of construction materials and 77 of construction practices. These cover the major items of costs in rural electrification.

The Corporation is continuing with its efforts to standardise more and more specifications and construction practices.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 33)

The Committee recommend that Government should contempraneously make a critical assessment of the economies effected as a result of the standards provided by REC and arrange to issue suitable guidelines for adoption of these standards by the State Electricity Boards. The Committee would like that the Corporation should mention the details concerning the items standardised and adopted in actual execution in their Annual Reports for the information of the Parliament

(Paragraph 6.19).

Reply of Government

The Central Electricity Authority has taken up an assessment of the economies effected as a result of the standards of specifications of construction materials and construction practices provided by Rural Eletrification Corporation.

Detailed manuals have been prepared by the Corporation containing guidelines in regard to these standards. These manuals have been circulated to all the State Electricity Boards. The Corporation has also made it obligatory for the State Electricity Boards to adopt the standards and specifications evolved by it for its schemes.

The Corporation has been publishing details of the items standardised by it from time to time in their annual reports for the respective years. Also the standards finalised during 1974-75 have been included in the annual report of the Corporation for this year.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 34)

The Committee are concerned to note that the available ground water potential went waste though almost all the States have some cells or wings to look after the work regarding ground water survey because of the inadequacy of the organisation of ground water and

survey, could not be properly done. This difficulty is coming in the way of Rural Electrification Corporation for rural electrification. The Committee are informed that Government of India Ground Water Board as well as State Government agencies are already working on a survey of ground water potential and with more surveys and with higher technological applications, the potential may go up somewhat in the years to come and that ground water knowledge and availability of data was not a bottleneck in ground water planning.

The Committee need hardly stress that all efforts to supply power in the rural areas for energisation of pumpsets would prove futile and all investments made for rural electrification would be infructuous if there is lack of inadequacy of ground water in those areas.

The Committee recommend that Government should ensure that the State ground water organisations are involved in a greater measure in planning and in locating ground water potential areas and before the Corporation sanctions any rural electrification scheme, it should make sure of the availability of ground water in the area for which the electrification scheme is intended.

(Paragraphs 6.25 & 6.27).

Reply of Government

The recommendation of the Committee on Public Undertakings has been communicated to State Governments for taking necessary action. Great emphasis is laid on Ground Water Surveys and investigations both at Central and State level. A Centrally sponsored scheme under which 50 per cent matching grants would be made available to State Ground Water Organisations for strengthening them in the critical areas has been introduced during the Fifth Plan. The Central Ground Water Board which is the agency at the Central level is also being strengthened suitably. With the proposed strengthening, the State Ground Water Organisations are expected to be in a position to scrutinise Rural Electrification schemes from the ground water availability angle, before these schemes are sanctioned by Rural Electrifiaction Corporation.

In so far as the Corporation is concerned a technical opinion from the State Ground Water Organisations/concerned Departments in the State Government regarding the availability of adequate

ground water in the project area is insisted upon before the release of loan instalments in respect of the projects is approved.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 36)

The Committee are glad to note that the percentage of profit to equity capital has risen from 6.12 per cent in 1971-72 to 8.2 per cent in 1973-74. The Committee expect that the Corporation would continue to maintain the tempo of the working of the Corporation at a reasonable level so as to ensure generation of surplus for further development of REC.

The Committee note that the administrative expenses of the Corporation has increased five fold from Rs. 14.24 lakhs in 1970-71 to 72.27 lakhs in 1973-74, though the percentage of administrative expenses to income has been decreased for 14.52 to 9.81 per cent. The Committee are informed by the representative of the Ministry during evidence that though the Corporation is managing with the administrative expenses of 9.8 per cent of income, he is not in a position to say whether it is reasonable and to what extent the increase is justified. The Committee also note that no norms for staffing pattern have so far been fixed.

Recommendation regarding staffing pattern and administrative expenses has been recorded in this Report *vide* para 8.13.

(Para 7.11)

Reply of Government

No comments.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Recommendation (Serial No. 37)

The Committee find that at present the Board of Directors is headed by a Part-time Chairman assisted by the Managing Director of the Corporation, 5 Government Officials, a retired Chief Engineer from Andhra Pradesh State Electricity Board, Managing Director of ARC and 2 Directors from private sector and there is no representative of the State Electricity Board on the Board. The Committee

are informed that since the State Electricity Boards are borrowers of finance from the REC, it is not considered incumbent to include representative of the borrowers in the Board of Directors. The Government have not also examined in depth the pros and cons of such an inclusion. The Committee would like the Ministry to evolve a system by which one representative from each Zonal/regional grid should by rotation serve on the Board of Directors of the Rural Electrification Corporation to enable the Corporation to appreciate the problems of State Electricity Boards in a better perspective and take suitable remedial action to solve these problems in the interest of implementation of the rural electrification programmes. (Paragraph 8.3).

Reply of Government

The recommendations of the Committee have been carefully considered and it has been decided to accord representation to one, or possibly two, State Electricity Boards on the Board of the Rural Electrification Corporation, depending on the optimum size of the Board and the available vacancies. The State Electricity Boards in different regions would be accorded representation in rotation. It is proposed to make a beginning with one State Electricity Board represented on the Board of the Rural Electrification Corporation to start with.

[Ministry of Energy (Department of Power) O.M. No. 48(5)| 75-P.E. dated 29-10-1975]

Recommendation (Serial No. 38)

The Committee are greatly perturbed at the marked increase in expenditure on administration from Rs. 27.14 lakhs in 1971-72 to Rs. 72.27 lakhs in 1973-74. It would not be out of place to mention that one of the reasons why some State Electricity Boards have come in for criticism in recent months is because of their unwildy size. This underlines the imperative necessity of keeping the Corporation compact and result-oriented right from the beginning. The Committee recommend that no further time should be lost in carrying out a critical review of the administrative set-up of the Corporation so as to effect maximum economy consistent with efficiency. The Committee would like to be informed of the concrete action taken in pursuance of this recommendation including the economy effect and the norms laid down to ensure that there is no unjustified ex-

pansion of staff, particularly those belonging to non-technical categories. (Paragraph 8.13).

Reply of Government

A review of the administrative set of the Corporation is being carried out by the Corporation with the assistance of the Management Development Institute, New Delhi. The review is expected to be completed by end of October, 1975. The report of the Management Development Institute will receive the careful consideration of the Corporation and Government.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Further Information called for by the Committee

It has been stated that a review of the administrative set of the Corporation has been carried out by the Corporation with the assistance of the Management Development Institute.

What are the salient features of the review and what action has been taken in the matter?

[Lok Sabha Secretariat No. 21-PU|74, dt. 3-12-75]

Reply of Government

The Management Development Institute has since submitted its report on organisational structure and executive man-power requirements of the Corporation. Summary of the Recommendations contained in their Report is enclosed.

The Board of Directors of the Corporation have in their meeting held on November 29, 1975 constituted a Committee to study the report in detail and make recommendations regarding steps to be initiated by the Corporation on the basis of the report. The report of the Institute and the recommendations of the Committee regarding actions to be taken by the Corporation are to be considered by the Board of Directors in their meeting to be held towards the end of December, 1975.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 19-12-1975]

Further Information desired by the Committee

Has the Committee constituted by the Board of Directors to study the report submitted by the Management Development Institute on organisational structure of executive manpower requirement of the Corporation submitted the Report and have the Report and recommendations of the Committee since been considered by the Board of Directors? If not, why and when the same are likely to be considered.

[Lok Sabha Secretariat O.M. No. 21-PU/74, dt. 10-2-1976]

Since the examination of the report involves consideration of various related issues such as norms of workload of both executive and non-executive staff and to procedures and practices, it has not been possible for the Committee to finalise its recommendations on the report of the Management Development Institute. It is likely to submit its report in about three months.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E. dt. 17-2-1976]

Recommendation (Serial No. 39)

The Committee are unhappy to note that no separate account of expenditure incurred on seminars etc., has been maintained by the Corporation. The Committee would like the Corporation to compile expenditure incurred on this account expeditiously and to ensure that separate account of such expenditure is regularly maintained in future to enable the management to exercise a check against extravagence on such occasions. (Paragraph 8.15).

Recommendation (Serial No. 40)

The Committee would like Government/Corporation to undertake evaluation of the seminars/conferences held so far to verify as to how far the time and money expended in this connection are related to their utility and the benefits derived should be explicitly mentioned in the Annual Report of the Corporation for the year concerned. (Paragraph 8.16).

Recommendation (Serial No. 41)

The Committee also recommend that the Corporation should adopt a system of taking follow up action in respect of the reviews made and the decisions arrived at each seminar/conference in the interest of bringing about improvements in the performance of the Rural Electrification Corporation. (Paragraph 8.17)

Reply of Government

A statement showing the details of expenditure incurred by the Corporation separately on each Conference and Seminar organised since 1969-70 is enclosed. The expenditure on hospitality and on other items, is given separately in the statement. The Corporation will in future be maintaining separate accounts of expenditure on each Conference and Seminar.

The Conferences and Seminars arranged by the Corporation have proved useful in that they have provided opportunities for full scale technical discussions on very specific subjects on which positive decisions are taken and followed up. A good deal of preparatory work is carried out in advance through various Technical Committee. The proposals are further discussed in the Conferences and Seminars, which are attended amongst others by the Chairman and Technical Members of the State Electricity Boards. In this manner the decisions taken have the willing support of the State Electricity Boards which later on facilitate their quicker implementation. Specific suggestions are also made at these Conferences which provide material for further study and work. The Corporation are taking follow up action on the decisions arrived at and also arranging for further studies when required.

As a result of the recommendations of the Seminar on Rural Electric Co-operatives held at Belgaum, the Corporation has brought out a guide book covering all relevant organisational, managerial and operational aspects of the Rural Electric Co-operatives. Decisions arrived at in each Conference are being given each year in the Annual Reports of the Corporation.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation (Serial No. 4)

The Committee note that in pursuance of directives of the Government, the Corporation developed in January, 1970 certain norms of viability and terms and conditions of loans and also laid down the criteria for classification of areas. Preferential terms and conditions have been stipulated for backward areas compared with those for other areas. The schemes received from the Electricity Boards are accordingly scrutinised by REC before loans for the same are sanctioned. Depending on the areas proposed to be developed, the Corporation has also categorised the loans under 8 heads.

The Committee also note that upto the end of 1973-74, the Corporation has sanctioned loans under these categories amounting to Rs. 300 crores for 618 rural electrification projects, in 18 States. These projects are phased over a priod ranging upto 5 years. Against this the actual disbursement of loan instalments amounted to Rs. 162 crores. The main reasons for the shortfall in disbursement of loans are stated to be the failure of the Electricity Boards to submit the necessary documents in time and failure to achieve prescribed level of physical performance and consequent non-drawal of second and subsequent instalments of loans. The Committee find that as on 15th November, 1974 second instalments amounting to about Rs. 25 crores for 154 schemes out of 374 schemes sanctioned during 1969-70 to 1972-73 were yet to be released. Out of these 154 schemes, 16 pertain to Bihar State, 10 to Karnataka, 14 to Madhya Pradesh, 11 to Punjab, 13 to Rajasthan, 19 to Uttar Pradesh and 17 to West Bengal which together account for about Rs. 21 crores.

The Committee are informed that the pattern of financing has been such that first instalment of loans is given as an advance and thereafter before the second and third instalments are due, the degree of progress achieved is taken into consideration and depending on the stipulated phasing and progress achieved the second and

third instalments are released. The release of second and subsequent instalments of loans in thus tied up with achievements of physical performance targets by the State Electricity Boards.

The Committee feel that unless and until the State Electricity Boards which are to execute the programmes of rural electrification realise their responsibility for fulfilling the targets expected of them according to the terms and conditions and submit the accounts for the utilisation of the loans, it will be difficult for the Corporation to achieve the envisaged targets for rural electrification. (Paragraphs 3.18 to 3.20).

Recommendation (Serial No. 5)

The Committee find that except in a very few cases where legal formalities are yet to be completed in other cases the reasons for non-drawal of second instalments were mostly due to inadequate service connections and inadequate lines and sub-stations. The Committee recommend that the Ministry|Corporation should take up the matter regarding inadequate service connections, lines and sub-stations with the concerned State Governments|SEBs to ensure that the progress of rural electrification schemes is not held up for want of service connections and sub-stations. (Paragraph 3.21).

Recommendation (Serial No. 6)

The Committee are also informed that the Corporation has introduced a system of monitoring of the project works and wherever it is revealed that the progress has not kept pace with the schedule of implementation in respect of one or the other aspect, the Corporation takes suitable measures to improve the position for the achievement of the relevant targets.

The Committee recommend that the Ministry should take up the matter with the State Governments so that they may ensure that the SEB's gear up their machinery to the tasks of achieving the targets and submission of accounts in time in order to utilise the funds sanctioned for the schemes. The Committee need hardly stress that the non-drawal of second and subsequent instalments by the SEBs inevitably leads to blocking of the finances already advanced to SEBs also the projects remaining incomplete. The Committee, therefore, suggest that the Corporation should critically go into the reasons for non drawal of second and subsequent instalments and take suitable measures to assist the SEBs in overcoming their problems. (Paragraphs 3.22 & 3.23).

Recommendation (Serial No. 7)

In cases where the State Electricity Boards draw the first instalment of the loan for a specified rural electrification schemes but do not follow up with submission of the requisite information and documents for drawing subsequent instalments, the Corporation should make sure that the amounts have not been diverted by the State Electricity Boards for other purposes. The Committee would like to stress that all those schemes which are taken up for implementation and for which part monies have already been drawn should be completed as per time-bound programme so that the objectives underlying them are achieved at the earliest and resources are generated to pay back the loans. (Paragraph 3.24).

Reply of Government

4-7. The Corporation has constituted a Committee under the Chairmanship of the Managing Director to undertake a detailed review of the projects sanctioned by it, where there have been shortfalls in achieving the physical targets within the time schedule laid down in the projects. The terms of reference of the Committee are:—

(i) to identify problems relating to non-drawal of first, second and subsequent instalments by the State Electricity Boards in respect of projects financed by Rural Electrification Corporation;

(ii) to identify the organisational problems of the State Electricity Boards which contribute to the slow progress of projects financed by R.E.C. leading to shortfalls in achievements of physical targets; and

(iii) to suggest steps for gearing up the organisation machinery in State Electricity Boards to cope with the expanding programme of rural electrification with particular reference to R.E.C. projects as also to recommend steps which may be taken with a view to ensuring that the State Electricity Boards are able to achieve the physical targets envisaged in the projects according to project schedules.

Necessary action will be taken in accordance with the findings of this Committee, to speed up the implementation of the R.E.C. schemes according to their phased physical targets, so that the State

Electricity Boards are enabled to draw the second or subsequent instalments in time and the schemes are implemented within the scheduled period.

The copies of the recommendations of the Committee on Public Undertaking have also been sent to all the State Electricity Boards for their consideration and implementation.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 16-10-1975]

Recommendation (Serial No. 10)

The Committee note that there are various agencies which are financing the rural electrification programmes, such as, State Governments|State Electricity Boards, REC, Agriculture Refinance Corporation, Commercial Banks and Life Insurance Corporation. According to the Chairman of the Rural Electrification Corporation "there is in fact often little coordination between the different financial institutions", in the matter of financing rural electrification schemes. The Committee are informed that REC has initiated various measures for coordination between the various financing agencies, and efforts are being made by the REC to bring about territorial coordination between the schemes financed by REC and ARC. The Committee feel that coordination in respect of investments in rural electrification as a whole is necessary with a view not only to avoid any duplication but also to ensure that the investments follow a uniform project approach to yield optimum results. The Committee agree with the Chairman, REC that there is a need for a comprehensive system of coordination whereby different financial institutions are given particular responsibilities in specific fields. The Committee recommend that Government should consider the feasibility of setting up a coordinating body comprising representatives of all the financing agencies including REC at the national level and also a similar body at the field level for ensuring such coordination. (Paragraph 3.42)

Recommendation (Serial No. 11)

The Committee recommend that Government should clearly demarcate the responsibilities of financial institutions in the matter of financing various aspects of the programme of Rural Electrification so that there is no overlapping|duplication in financing by different financial institutions. (Paragraph 3.43)

Reply of Government

The Corporation has tried to co-ordinate its activities with that of Agricultural Refinance Corporation, Special Development Programme like Small Farmers Development Agencies (SFDA) | Agencies for Marginal Farmers and Agricultural Labourers (MFAL) and the Rural Industries Pilot Projects. When co-ordination is found weak, the matter is taken up with the concerned Departments of the State Governments. Co-ordination Committee at district level, have also been established in some States.

With a view to evolving a suitable approach and mechanism for co-ordination among various financing institutions in field conditions, the Corporation has initiated a Study through the National Institute of Bank Management, Bombay, in a few selected areas in Maharashtra. The Study has the following specific objectives:—

(a) Identification of problems relating to financial co-ordination of the activities of various rural development agencies with focus on rural electrification schemes.

(b) To suggest alternative approaches to overcome the problems as noticed in the execution of rural development programmes.

(c) Assessing the needs of the S.E.Bs. for completion of on-going projects which have been affected by cost escalation and for new projects planned during the Fifth Plan.

(d) Identifying the alternative sources of institutional finance other than Commercial Banks, as funds from Commercial Banks will be drastically reduced as a result of the credit squeeze.

(e) Estimating the quantum of finance available from these sources during the Fifth Plan.

(f) Examining the differential terms offered by various agencies.

(g) Formulating an integrated credit plan for rural electrification programmes by co-ordinating these differential terms with different stages of the implementation of rural electrification programmes.

(h) Studying the existing system of financial control and monitoring the REC Projects for suggesting better methods for implementing these schemes efficiently.

The study will be completed by June, 1976. Further action in regard to the feasibility of setting up a Co-ordinating Body and demarcating the responsibilities of the various financing institutions will be taken after this Study is completed.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 16-10-75].

Recommendation (Serial No. 16)

The Committee note that, assuming that the Fifth Plan targets are fully achieved, only 45.5 per cent of the villages of India would be electrified by the end of the Plan period. Even though the emphasis of the rural electrification programme is on agricultural and industrial production and not on electrification of villages as such, and even if the total electrification programme is likely to cover about two third of the country during the Fifth Plan as against only less than one third in the Fourth Plan, it is depressing to find that more than half the villages of the country would still remain unelectrified in 1979. The Committee feel that the task yet to be done in this field is gigantic and the pace of work needs to be accelerated so that light may reach all the villages in the country at the earliest. (Paragraph 3.70).

Reply of Government

Noted. Subject to the availability of resources all out efforts are being made to speed up the electrification of villages.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 16-10-75].

Recommendation (Serial No. 30)

The Committee also recommend that the Corporation should keep a close liaison with other research institutes already engaged in investigation and research in various problems associated with the generation, transmission and distribution of electrical energy in India in a rational and economical manner like the 'The Central

Power Research Institute', Bangalore and Bhopal units, 'Research and Development Organisation for Electrical Industries', Bhopal, 'the Indian Institute of Technology', etc. so as to avoid duplication of efforts. The Committee would like the Corporation to sponsor/ undertake research only on such aspects as were of urgent practical interests of rural electrification and concentrate only on priority areas in order to achieve early breakthrough in rural electrification. (Paragraph 6.13).

Reply of Government

The Corporation is already keeping liaison with other institutions who are engaged in research activities.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/ 75-P.E., dated 29-10-1975]

Recommendation (Serial No. 35)

The Committee note that while on the one hand the Corporation is complaining of lack of adequate funds for financing the rural electrification programmes, funds to the extent of Rs. 6 crores to Rs. 20 crores were lying unutilised. The Committee are informed that these represented undisbursed amounts relating to State Electricity Boards because of various reasons and particularly because the performance of some projects of SEBs did not come up to the required level to enable disbursement of subsequent instalments. The Committee note that Government of India directed the Corporation to invest such carry-forward amounts in Government securities, and such investments carry interest rates much lower than the rates of interest at which unsecured loans are obtained by REC with the result that the Corporation is put to a financial loss on account of such investments. The Committee are informed that the Corporation had already approached the Government of India for an increase in the rate of interest on special securities and to allow them to invest the money in scheduled banks and the Government of India is yet to take a decision.

While the Committee agree that it would be in the interest of the Corporation to retain the unutilised funds with it for meeting its needs, the Committee recommend that the Corporation should undertake a detailed review of those projects which have not come up to the required level so as to analyse the causes/difficulties with

a view to rendering constructive assistance|guidance in removing these constraints to enable the State Electricity Boards to draw the subsequent instalments of loans.

The Committee desire that a suitable working arrangement should be evolved for the investment of the unutilised amount so that the Corporation is not a loser in complying with Government directions. (Paragraph 7.4 to 7.6).

Reply of Government

The Corporation has constituted a Committee under the Chairmanship of the Managing Director to undertake a detailed review of the projects sanctioned by it, where there have been shortfalls in achieving the physical targets within the time schedule laid down in the projects. The terms of reference of the Committee are:—

(i) to identify problems relating to non-drawal of first, second and subsequent instalments by the State Electricity Boards in respect of projects financed by Rural Electrification Corporation;

(ii) to identify the organisational problems of the State Electricity Boards which contribute to the slow progress of projects financed by Rural Electrification Corporation leading to shortfalls in achievements of physical targets; and

(iii) to suggest steps for gearing up the organisational machinery in State Electricity Boards to cope with the expanding programme of rural electrification with particular reference to Rural Electrification Corporation projects as also to recommend steps which may be taken with a view to ensuring that the State Electricity Boards are able to achieve the physical targets envisaged in the projects according to project schedules.

The Committee is expected to give their report by December, 1975. Suitable assistance|guidance to the State Electricity Boards to progress their projects will be formulated after consideration of the report of the Committee.

The Corporation has been permitted to invest its funds to the extent not required for current operation, with any of the nationalised

banks or in the Government of India securities. It has also been permitted to invest such funds with the non-nationalised scheduled commercial banks but for a short period of about two months. The Corporation has requested for permission for increase of such period of investment to 3 to 4 months to enable them to earn better rate of interest. This proposal is under consideration of the Government.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Serial No. 1)

In their Report on Rural Electrification, submitted as early as July, 1972 the Committee of Members of Parliament cautioned that even though good progress had been maintained in rural electrification during the Fourth Plan period, the level of achievement among the backward States would be less than that of other States'. The Committee regret to note that in spite of this observation, the backward States as a whole still continue to remain as such. As many as 9 States which were below All India average in 1969 continued to remain below the All India average at the end of 1973-74. The North-Eastern Region, particularly the States of Assam, Meghalaya and Tripura have remained most backward in the matter of rural electrification, the lowest being Tripura with only 2.1 per cent of villages electrified against the All India average of 27.31 per cent.

The Committee are informed that out of a total number of 578 projects sanctioned, 295 projects pertain to backward States. Out of the total sanctioned amount of Rs. 271 crores, the amount sanctioned for backward States is only Rs. 138.78 crores.

The Committee apprehend that if the present pattern of allocating a little more than 50 per cent of the funds at the disposal of the Corporation to the backward States be continued, there is every likelihood of the backward States continuing to lag behind in the matter of rural electrification.

The Committee feel that there should be judicious apportionment of the investments between the developed and the under-developed areas keeping in view the constraints of physical resources and capabilities for execution. The Committee further recommend that a comprehensive time bound programme laying down definite annual targets should be worked out by the Corporation to ensure that the backward areas progress faster.

The Committee were informed that in the Fifth Plan, rural electrification was being taken up as an essential component of the minimum needs programme and the target of covering at least 30 to 40 per cent of the rural population in the backward States would be covered with this facility. The Committee also note that in order to accelerate the pace of progress in rural electrification in backward areas, the Corporation has taken a number of steps namely sanction of loans on softer terms and conditions payable in longer period, grant of special loans for transmission lines in such areas, creation of special Development Reserve for providing capital subsidy to the State Electricity Boards, opening of regional office of the Corporation in Calcutta to help the Eastern States in the formulation of projects and relaxation in the standard economic viability for schemes in these areas.

The Committee hope that with these steps the position with regard to rural electrification in backward areas would improve. The Committee would however, like to stress that Government|Corporation should ensure that there is no slippage in the targets laid down for the Fifth Five Year Plan.

(Paragraphs 2.17 to 2.19)

Recommendation (Serial No. 2)

The Committee urge that financial, physical and technical resources should be made available on priority basis for execution of the electrification programmes in backward areas|States. (Paragraph 2.20).

Reply of Government

(1) and (2). The outlays for rural electrification for different States are determined every year by the Planning Commission after discussions in the Annual Plan meetings with the representatives of the State Governments and also of the Rural Electrification Corporation Ltd. These decisions are taken after due consideration of the financial and material resources, level of development and the capacity for execution of the projects of each States. The Corporation as a matter of deliberate policy, makes efforts to give weightage to projects of backward areas within the approved outlays. Considering the quantum of plan funds, the Corporation has worked out State-wise break-up of outlays and also targets of village electrification and pumpsets energization for backward areas in each State. Approximately 75 per cent of the total outlays is for the States which are below the National Average of rural electrification. It

is hoped that with all this planning, the Corporation will succeed in bridging the gap between the developed States|areas and the under-developed ones to a significant extent by the end of the Fifth Plan.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 16-10-1975].

Further Information called for by the Committee

(a) What was the ratio of allocation of funds between backward States and non-backward States during 1974-75 and 1975-76 (till date)?

(b) The Committee recommended that a comprehensive time-bound programme laying down definite annual targets should be worked out by the Corporation to ensure that the backward areas progress faster.

Has any time-bound programme been laid?

(c) It has been stated that approximately 75 per cent of the total outlays is for the States which are below the National Average of rural electrification.

Kindly furnish the figures and details in this regard.

[Lok Sabha Secretariat, O.M. No. 21 PU/74, dt. 3-12-1975].

Reply of Government

(a) During the year 1974-75 the total loans sanctioned by the Corporation in the AA States (above average States in point of village electrification) were Rs. 39.25 crores as compared to Rs. 100.01 crores in AB States (Average & Below States in point of village electrification). Disbursement of loan instalments amounted to Rs. 27.57 crores and Rs. 50.23 crores in respect of AA States and AB States respectively. Thus the ratio between AA States and AB States was approximately 2 : 5 as regards the sanction of loans and 9 : 17 as regards disbursement of loans.

During the current financial year, *i.e.* 1975-76 total loans amounting to Rs. 18.11 crores have been sanctioned in AA States and Rs. 32.15 crores in AB States upto November 30, 1975. The disbursement upto November 20, 1975 amounted to Rs. 3.81 crores in AA States and Rs. 4.75 crores in AB States. Thus the ratio between AA States and AB States is approximately 9 : 16 as regards sanction of loans and 19 : 24 as regards disbursement.

(b) Rural Electrification under the Minimum Needs Programme envisages that by the end of 5th Plan Period at least 30 to 40 per cent of the rural population in the States which are presently below this level will be covered by the rural electrification. Beyond the target envisaged for the 5th Plan, no time bound programme has so far been laid down. As for this Corporation, its programmes are essentially tied to the availability of resources, the position in regard to which is uncertain beyond what is determined in the Annual Plan.

(c) A statement showing the State-wise break-down of figures is enclosed.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 19-12-1975]

Recommendation (Serial No. 8)

The Committee note that during the Fourth Plan the Government had placed a ceiling that the Corporation should not sanction schemes worth more than Rs. 300 crores.

The Committee are informed that even in the Fifth Plan against the recommendation of the task force of rural electrification which envisaged allocation of Rs. 1900 crores for rural electrification for which 50 per cent had to come from R.E.C., only Rs. 400 crores has been allocated according to the draft Five Year Plan. The Committee are also informed that except that Government have decided to allow the Corporation equity and loan in the ratio of 1 : 1 during 1974-75, no decision in regard to either about pattern of financing or about the enhanced allocation of funds to the Corporation has been taken. The Committee recommend that on the basis of experience in the Fourth Plan and in the interest of developing rural electrification particularly in backward and under developed areas, the Corporation should draw up a comprehensive plan regarding the sanction of projects. The Committee are inclined to agree with the views of the Ministry that "in terms of physical targets to be achieved, unless the financial resources are augmented in a significant manner, there is risk of the targets not being fulfilled."

The Committee are informed that the Corporation had not made an estimate of their needs during the Fourth Plan although according to them they could have been allowed to sanction schemes worth Rs. 50 crores more. The Committee therefore recommend that Government should on the basis of experience gained in the

Fourth Plan, consider the feasibility of enhancing the allocation of funds in the 5th Plan to the R.E.C. on the physial targets to be achieved by them so that inadequacy of funds could not be a plea for not taking up electrification programmes for backward and under-developed areas.

(Paragraphs 3.35 & 3.36)

Recommendation (Serial No. 9)

The Committee recommend that the Corporation should prepare a realistic plan of their requirements in the Fifth Plan under the different programmes so as to enable the Ministry to consider their demands for an enhanced allocation. The Committee would also like Government to take an early decision in regard to the pattern of providing funds to the Corporation during the Fifth Plan.

(Paragraph 3.37)

Reply of Government

8-9. A comprehensive plan of investment in rural electrification, including system improvement and back-up transmission lines in backward areas, in the Fifth Five Year Plan, had been drawn up by the Task Force on Rural Electrification set up by the Planning Commission under the Chairmanship of Chairman, Rural Electrification Corporation. This plan had been drawn up taking into account the experience of the Fourth Five Year Plan and the capabilities of the State Electricity Boards, the ground water potential and agricultural credit projects. However as against the outlay of Rs. 1900 crores recommended by the Task Force only Rs. 1098 crores could be provided in the Draft Fifth Five Year Plan, of which Rs. 672 crores are for the Corporation (including Rs. 272 crores for the Minimum Needs Programme). Allocation from this provision is made from year to year taking into consideration several factors such as the availability of resources, capability of the States to make progress, availability of materials etc. Within the resources available the Corporation is giving priority to the rural electrification of backward areas. In fact, the electrification of backward and underdeveloped areas depends largely on the capability of the States to formulate and submit schemes for these areas for R.E.C.'s sanction in accordance with the criteria and the viability norms laid down by the Corporation and their quick implementation by the States.

The pattern of providing funds to the Corporation during the Fifth Plan is still under consideration in consultation with the Ministry of Finance and Planning Commission. The Committee will be informed of the decision, when taken.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 29-10-1975].

Further Information called for by the Committee

It has been stated that the pattern of providing funds to the Corporation during the Fifth Plan is still under consideration in consultation with the Ministry of Finance and Planning Commission.

Has any decision been taken in this regard? If so, please furnish details.

[Lok Sabha Secretariat O.M. 21-PU/74 dt. 3-12-75]

Reply of Government

The matter is still under consideration.

[Ministry of Energy (Department of Power) O.M. No. 48(5)/75-P.E., dated 19-12-1975]

NEW DELHI;
February 23, 1976.
Phalguna 4, 1897 (*Saka*).

NAWAL KISHORE SHARMA,
Chairman,
Committee on Public Undertakings.

APPENDIX—I

(*Vide* Recommendations at Srial Nos. 22 & 23)

Statewise Transmission and distribution and Energy unaccounted for losses during 1972-73, 1973-74 *and* 1974-75.

Sl. No.	States/Union Territories	Percentage energy losses including Transmission*		
		1972-73	1973-74	1974-75
1	2	3	4	5
1	Andhra Pradesh	28·46	25·42	27·98
2	Assam	15·56	19·43	16·42
3	Bihar	28·60	24·00	27·20
4	Gujarat	19·20	20·99	20·33
5	Haryana	25·67	29·22	28·05
6	Himachal Pradesh	17·56	18·67	
7	Jammu & Kashmir	30·28	29·25	
8	Karnataka	16·72	18·65	16·02
9	Kerala	15·35	16·86	14·87
10	Madhya Pradesh	14·85	18·81	20·97
11	Maharashtra	12·34	16·35	16·01
12	Manipur	26·30	26·30	
13	Meghalaya	—Data included in Assam—		
14	Nagaland	16·31	15·01	
15	Orissa	9·30	10·47	
16	Punjab	23·19	20·74	24·80
17	Rajasthan	30·86	26·93	28·80
18	Tamil Nadu	20·98	18·66	
19	Tripura	23·54	25·24	
20	Uttar Pradesh	29·32	29·81	19·38
21	West Bengal	11·87	11·11	9·18

*Tentative.

1	2	3	4	5
Union Territories:				
1	A &N Islands	35·08	35·38	
2	Arunachal Pradesh	Data not available.	9·96	
3	Chandigarh .	24·74	36·73	
4	Delhi	9·20	6·58	
5	D.N. Haveli .	34·07	34·08	
6	Goa, Daman & Diu	17·80	17·04	
7	Lakshdweep .	16·67	16·67	
8	Pondicherry . .	13·52	14·20	
	ALL INDIA	19·94	20·46	

APPENDIX II

(*Vide* Recommendations at Serial No. 38)

Summary of Recommendations contained in the Report of the Management Institute on organisational structure and executive man-power requirement of the Corporation

The recommendations in the Report essentially relate to:

(i) Organisational framework.

(ii) Assessment of executive manpower.

The main recommendations are summarised below:

7.1. *Organisational Framework*:

(i) The broad framework of REC organisation structure will consist of Headquarters, New Delhi, one zonal office at Calcutta and two zonal desks at Headquarters.

(ii) The setting up of zonal desks involves a certain re-arrangement of the Headquarters functions and services in the direction of lending more consistent support to geographical areas, *viz.*, regional offices.

(iii) The REC Headquarters would have the under-noted departments|divisions:—

(a) Technical Department,

(b) Finance Division,

(c) Secretariat and Administration Division,

(d) Appraisal and Operations Division,

(e) Programme Evaluation Division, and

(f) Planning and Research Division.

The heads of the above department and divisions would administratively report to the Managing Director.

(iv) The Chief Engineer in-charge of the zonal office and the officers in-charge of the regional offices would administratively report to the Managing Director.

(v) The Secretary, Head of the Secretariat and Administration Division, would continue to assist the Board and the Managing Director in regard to statutory matters pertaining to company law. Besides, he would be responsible for adequate watch and ward of Corporation's property. He would also administratively control and guide the activities connected with information and publicity, corporate planning and servicing of IDA loan.

(vi) The existing PACE, PERT and COPT divisions are proposed to be reorganised as under:

(a) Appraisal and Operations Division,

(b) Programme Evaluation Division, and

(c) Planning & Research Division.

(vii) The Appraisal and Operations Division would be responsible for co-ordination in the Headquarters and providing guidance to regional offices in matters generally relating to project formulation, appraisal, monitoring and implementation, in addition to specifically dealing with their economic aspects.

(viii) The Programme Evaluation Division, in co-operation with engineering and finance executives, would attempt to evaluate the performance of the projects and programmes and assess elements of strength and weakness in implementation thereof and evolve courses of necessary corrective action within the organisation as well as in relations with other organisations, institutions and Governments.

(ix) The activity of the Planning & Research Division would be on appraisement of the long-term effects and contribution of rural electrification to different aspects and facts of economic development.

7.2. *Executive Manpower Assessment*:

(i) The proposed total strength of executives is 181 against the sanctioned strength of 155 officers *i.e.* an increase of 26 officers.

(ii) Out of the proposed increase of 26 officers, 19 officers (in addition to 70 existing) will be connected with the task of appraisal and monitoring.

(iii) Thus under the proposed set-up the total strength of officers belonging to various disciplines in regional offices is estimated to be 89.

(iv) The Calcutta Zonal Office is to be strengthened by raising the number of officers to 4 (from 2).

(v) The two zonal desks in the Headquarter would have 5 officers in all, in addition to the two Chief Engineers.

(vi) It is proposed to create the undernoted positions in the Headquarters:

(a) Law Officer.

(b) Security Officer.

(vii) Re-designations/re-allocations have been suggested in respect of the following existing positions:

(a) Officer on Special Duty.

(b) Chief COPT.

(c) Chief PERT.

(d) Chief PACE.

(e) Information and Publicity Officer.

APPENDIX III

(*Vide* Recommendations at Serial No. 39—41)

Statement showing details of expenditure incurred on Seminars/Conferences held by Rural Electrification Corporation Ltd. during the period 1969-70 to 1974-75.

Sl. No.	Period	Date	Particulars of Seminar /Conference	Details of expenditure incurred		Total
1	2	3	4	5		6
					Rs.	Rs.
1	1969-70	16th & 17th Nov., 1970.	Conference on Rural Cooperatives held at Vigyan Bhavan, New Delhi.	1. Refreshments .	80·00	
				2. Rent .	308·00	388·00
2	1970-71	4 th & 5th Jan.. 1971	1st Conference on Standardisation of Specification and Construction Practices in RE held at Vigyan Bhavan, New Delhi.	1. Lunch & Refreshment .	3997·60	
				2. Rent	440·00	
				3. Miscellaneous . . .	160·45	4598·05
3	1971-72	1st & 2nd June, 1971.	Seminar on Rural Electrification Project formulation and project apprisal held at Vigyan Bhavan, New Delhi.	1. Lunch & Refreshment .	2978·10	
				2. Rent . .	308·00	
				3. Miscellaneous . . .	172·56	3458·86
		21st & 22nd June, 1971.	2nd Conference on Standardisation of Specification & Construction Practices in RE held at Vigyan Bhavan, New Delhi.	1. Lunch & Refreshment .	4785·20	
				2. Rent	1740·60	
				3. Stationery . . .	440·80	10,425·46
4	1972-73	26th & 27th April, 1972.	3rd Conference on Standardisation of Specification & Construction Practices in RE held at Vigyan Bhavan, New Delhi.	1. Lunch & Refreshment .	3706·00	
				2. Rent . . .	432·80	
				3. Miscellaneous . .	154·95	4293·75

1	2	3	4	5		6
					Rs.	
4	1973-74	12th to 14th April, 1973.	Seminar on Rural Electric Cooperative held at Belgaum.	1. Lunch & Refreshment 2. Stationery & Printing 3. Miscellaneous	1053·60 339·85 2286·95	3680.40
		16th & 17th April, 1973.	Fourth Conference on Standardisation of Specification & Construction Practices in R.E. held at Vigyan Bhavan, New Delhi.	1. Lunch & Refreshment 2. Rent	7657·45 440·00	8097·45
6	1974-75	I. 23nd to 24th May, 1974.	Seminar on Research Problems relating to Rural Electrification & 5th Conference Standardisation of Specification & Construction Practices in Rural Electrification, Vigyan Bhavan, New Delhi.	1. Lunch & Refreshment 2. Miscellaneous	3798·35 234·00	403· 35
		II. *Seminars held by State Electricity Boards at the instance of the Corporation :*				
		(a) June '74	Seminar held at Dehra Dun.	Refreshment	90·00	
		(b) July '74	Seminar held at Bhopal.	Miscellaneous*	384·55	
		(c) 28th to 31st Aug. 1974	Seminar held by the West Bengal State Electricity Board**	1. Miscellanous 2. Stationery	241·22 450·00	
		(d) Dec. '74	Seminar held at Hyderabad by Andhra Pradesh State Electricity Board.	Refreshment	99·30	
		(e) Jan. ,75	Seminar held at Jaipur by Rajasthan State Electricity Board.	Miscellaneous	70·35	1335·42
				GRAND TOTAL		36,850·88

* Press Conference)
** at Calcutta.

APPENDIX IV

(*Vide* recommendation at Serial No. 1)

Statement showing the State-wise break-down of the outlay provided in the draft Fifth Five Year Plan for rural electrification to be administered through REC (including provision for rural electrification) under the Minimum Needs Programme (MNP).

Sl. No.	States	Amount (in crores)
1	2	3
	AA STATES:	
1.	Andhra Pradesh	38·00
2.	Gujarat	19·00
3.	Haryana	14·00
4.	Himachal Pradesh	11·00
5.	Karnataka	20·90
6.	Kerala	7·00
7.	Maharashtra	25·00
8.	Punjab	19·00
9.	Tamil Nadu	23·00
	SUB-TOTAL	176·90
	AB STATES:	
1.	Assam	37·00
2.	Bihar	73·00
3.	Jammu & Kashmir.	22.00
4.	Madhya Pradesh	81.00
5.	Manipur	2·00
6.	Meghalaya	3·50
7.	Nagaland	3·00
8.	Orissa	46·90
9.	Rajasthan	49·20

1	2	3
10.	Tripura	8·00
11.	Uttar Pradesh	93·00
12.	West Bengal	55·50
	SUB-TOTAL	474·10
	Rural Electric Cooperatives:	
	(State-wise break-down not worked out)	20·00
	G. TOTAL (176·90+474·10+20·00) . . .	671·00

Note: The State-wise break-down of the provision under the normal programme (other than MNP was worked out by R.E.C.